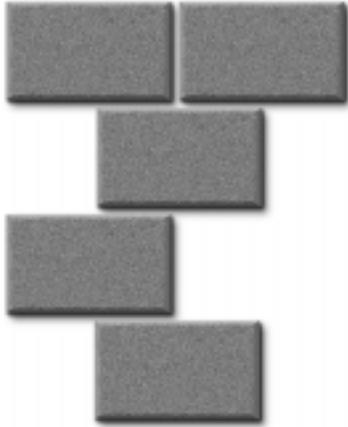


A WORKBOOK for Creating a HOUSING TRUST FUND



Center for Community Change





**A
WORKBOOK
for
CREATING
a
HOUSING TRUST FUND**

*Mary E. Brooks
Housing Trust Fund Project
Center for Community Change*

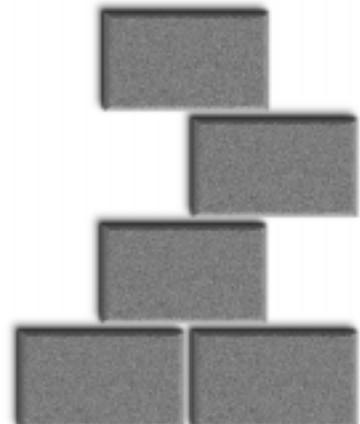
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Center for Community Change



The Housing Trust Fund Project is a special project of the Center for Community Change. The Project acts as a clearinghouse of information on housing trust funds throughout the United States and assists organizations and agencies working to create, implement or expand these funds.

The Project has numerous publications and other materials available, including a quarterly newsletter that covers the activities of housing trust funds. For more information:

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Additional copies of this workbook can be ordered for \$10 from Publications, Center for Community Change, 1000 Wisconsin Avenue, NW, Washington, DC 20007; www.communitychange.org

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What are Housing Trust Funds?

Housing trust funds are an exciting new model for funding critically needed affordable housing. Housing trust funds were created as early as the mid-1970s, but they did not really become a trend until the late 1980s and into the 1990s. There are now nearly 150 housing trust funds in cities, counties and states. Altogether they have spent nearly \$1.5 billion building and preserving almost 200,000 units of affordable housing.

Housing trust funds provide a very flexible way for governments to commit resources to provide decent affordable housing. They have generated needed funds, addressed critical housing needs and created new partnerships to build long-term support for housing.

What makes Housing Trust Funds unique?

Housing trust funds are unique in that they benefit from a dedicated source of ongoing revenue, such as the interest on escrow accounts or a real estate transfer tax. That revenue is committed to producing and preserving housing affordable to lower income households. The key is having a public source of revenue that is committed through legislation or ordinance.

Housing trust funds are extremely flexible and thus can be used to support innovative ways of addressing many types of housing needs. The model can work in virtually any situation. They exist in small towns of about 1000 people as well as in the largest states in the country.

These funds are also very efficient. Only two-tenths of one percent of the units funded through housing trust funds did not get built. This is a record of accomplishment that any government program would envy.

They have also used their funds very productively. On average, each dollar spent by a housing trust fund leverages seven dollars in additional funding for housing, such as loans from banks.

These funds are usually administered by government entities, such as a city housing department, which award funds through a competitive application process.

About this Workbook...

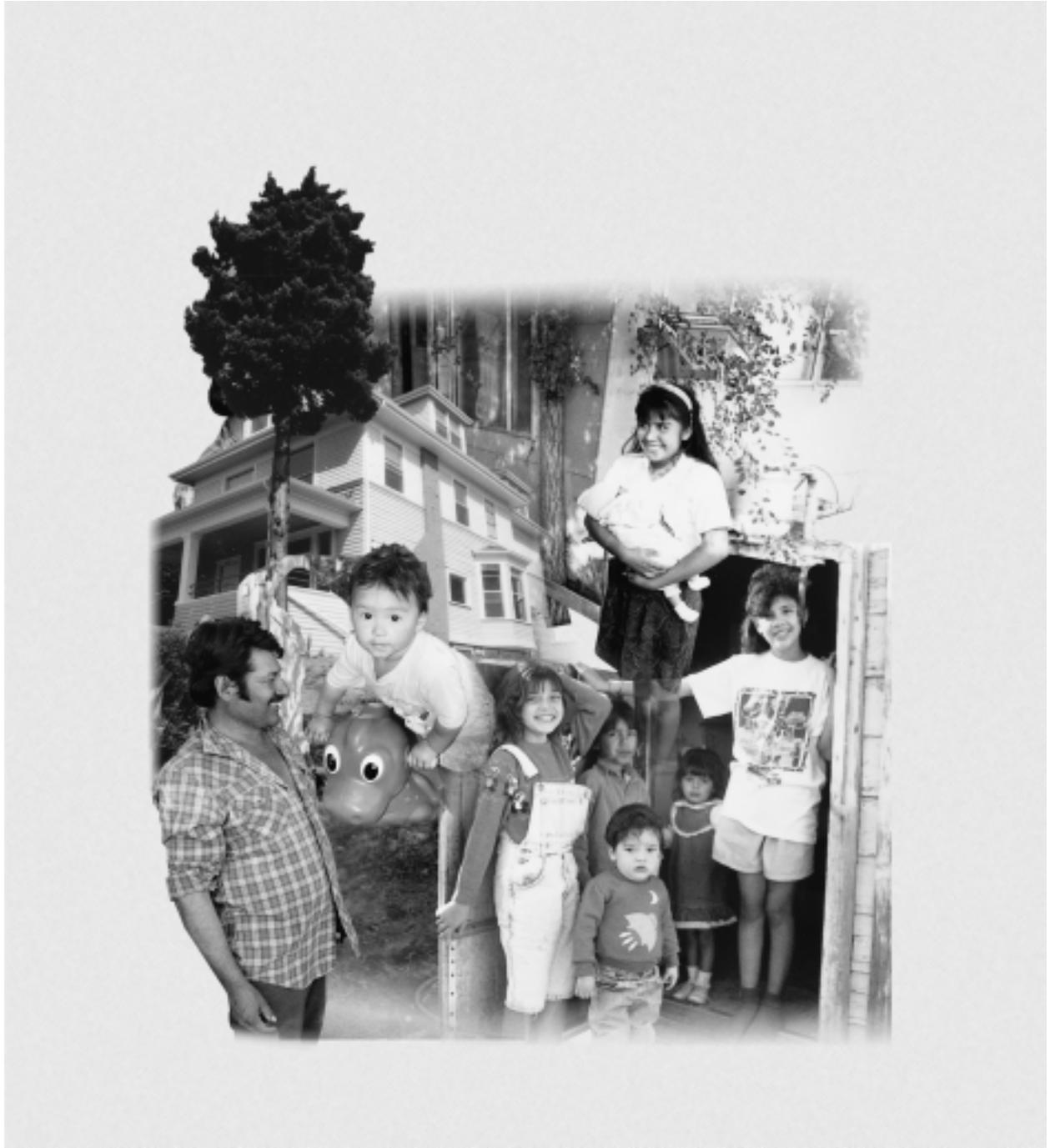
This workbook is written for anyone working to create a housing trust fund. While it is designed for housing advocates, all housing trust funds have required some advocacy. Thus, it should be useful for any effort to create a housing trust fund.

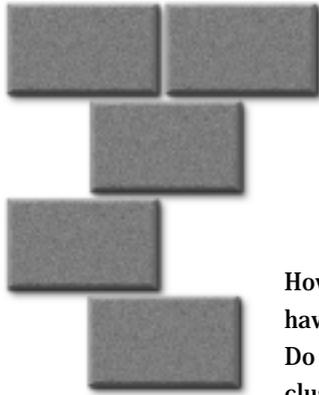
It is based on more than 10 years of providing technical assistance to organizations, agencies and governments in how to create and implement housing trust funds. It is not intended to be comprehensive, but to provide guidelines for developing a successful housing trust fund.

The book was written by Mary Brooks, who directs the Housing Trust Fund Project. It was edited by April Moore and Tim Saasta. Production was coordinated by Tim Saasta.

CONTENTS

■	Are You Ready to Create a Housing Trust Fund?	7
	What housing needs exist in your community?	7
	What is going on now with housing in your community?	9
	Who will be involved in the housing trust fund campaign?	11
	What kind of campaign is best?	14
	What resources do you need?	16
	How do you get the job done?	18
	How do you get started?	21
■	How Do You Develop the Housing Trust Fund Platform?	23
	Developing the Housing Trust Fund Proposal	23
	Administration of the Housing Trust Fund	25
	What does administering a trust fund involve?	25
	Who will administer the trust fund?	25
	Are housing trust funds coordinated with other funds?	27
	How will administrative costs be paid?	28
	How can an administrative oversight body be created?	28
	Programs of the Housing Trust Fund	31
	What factors must you consider in designing the housing trust fund?	31
	How will funds be distributed?	32
	What will be funded?	33
	Some special considerations	39
	Revenue Sources Dedicated to the Housing Trust Fund	42
	Get an attitude about securing a dedicated source!	42
	Establish a dollar goal for the Fund	44
	Decide how you will search for revenue sources	45
	Create guidelines for your search	46
	Identify revenue sources	47
	Evaluate the sources	51
■	How Do You Run a Successful Campaign?	58
	Presenting the Housing Trust Fund Proposal	58
	Getting Others to Support or Endorse Your Proposal	62
	Advocating for the Housing Trust Fund	65
	Working with the Opposition	68
	Using Events to Make Your Campaign Visible	71





Are You Ready to Create a Housing Trust Fund?

How can you tell if this is the right time to start working on a housing trust fund? Do you have the information you need? Are there enough people interested to get the work done? Do you have sufficient resources to see the entire process through to a successful conclusion?

This first section outlines the questions you need to answer to figure out if this is the right time to begin working on a housing trust fund. No one should expect to have complete answers to every question ... but working on them will allow you to make a good judgment about what is needed to get started. Everything does not need to be in place to begin ... but you should have a clear sense of what is ready, what still needs to be done and how to get it done.



What housing needs exist in your community?

You need a brief clear statement of your community's housing needs to demonstrate quickly and concretely that the case can be made for additional resources. You should be able to get all of the information on one or two pages ... even less is better.

Where to get this information

- Look at the Consolidated Plan submitted to the Housing and Urban Development Department (HUD) by local and state governments to receive federal funds. (See inside back cover for a good source of information about the Consolidated Plan.)
- Review other studies conducted by independent social service agencies or other organizations.
- Check with the National Low Income Housing Coalition's publication, *Out of Reach*, to add data to make your case (see page 61).
- Review Census information for your area, which is available on the Internet at www.census.com.
- Use figures about how many people tried to obtain housing when a new opportunity opened, such as a new apartment complex.
- Use the number of people on waiting lists for assisted housing.
- Compile information on the number of homeless people requesting shelter assistance.

How to do this

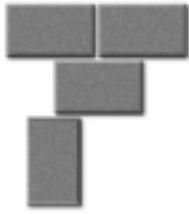
This is not difficult information to obtain because, ideally, you will simply summarize existing data compiled by others. This is an excellent project for a student, an intern or a volunteer. It involves making phone calls, visiting agencies to get their reports and information, and reviewing news clippings and other studies. Then the information needs to be compiled into a few short key points.

Hints...

- Don't make a big deal out of getting this information. Use data collected by others, such as data in the Consolidated Plan.
- An official estimate of need will have more credibility to some than your estimate of the need.
- The needs are always greater than available resources for addressing them ... don't worry about exactly how comprehensive or current the data are.
- You will use only a few choice descriptive sentences about the needs ... extensive data are not necessary, nor will anyone want to read it.

Notes

Examples



Seattle Makes Three Key Points about Housing Needs

- Nearly 7,000 households in Seattle are on waiting lists for subsidized housing.
- Nearly 4,000 people are homeless in Seattle on any given night, one third of whom are children.
- An estimated 12,000 low income homeowners, primarily seniors, need help with home repairs.

Ohio Summarizes Housing Needs by Special Groups

For Rural Ohioans:

- More than 20,000 people experienced periods of homelessness in rural areas of the state last year.
- The state saw an increase of over 300% in the number of homeless people in rural counties between 1985-1990.
- Over 160,000 rural households in Ohio have some type of housing need. Over 30,000 of these households lack either complete kitchen or complete plumbing facilities.
- Two of the largest federal rural housing programs are to be drastically cut for FY 1995. Nationally, the combined cuts will equal nearly \$400 million.



What is going on now with housing in your community?

To address your community's housing needs, you need a clear picture of who is doing what and how much they are doing. Explaining what others are doing is necessary so you can define the particular needs that the housing trust fund can address.

Where to get this information

- Identify the public agencies that are involved in housing, e.g., Department of Housing and Community Development, Housing Authority, State Housing Finance Agency, etc. Get copies of any annual reports or other reports prepared by these agencies.
- Get copies of annual performance reports for how federal funds were spent, including HOME, Community Development Block Grants (CDBG), Emergency Shelter, Housing Opportunities for Persons with AIDS, federal low income housing tax credits and others.
- Put together a list of the nonprofit organizations that develop affordable housing in your locality or state.
- Get Community Reinvestment Act (CRA) statements from banks working within your community.

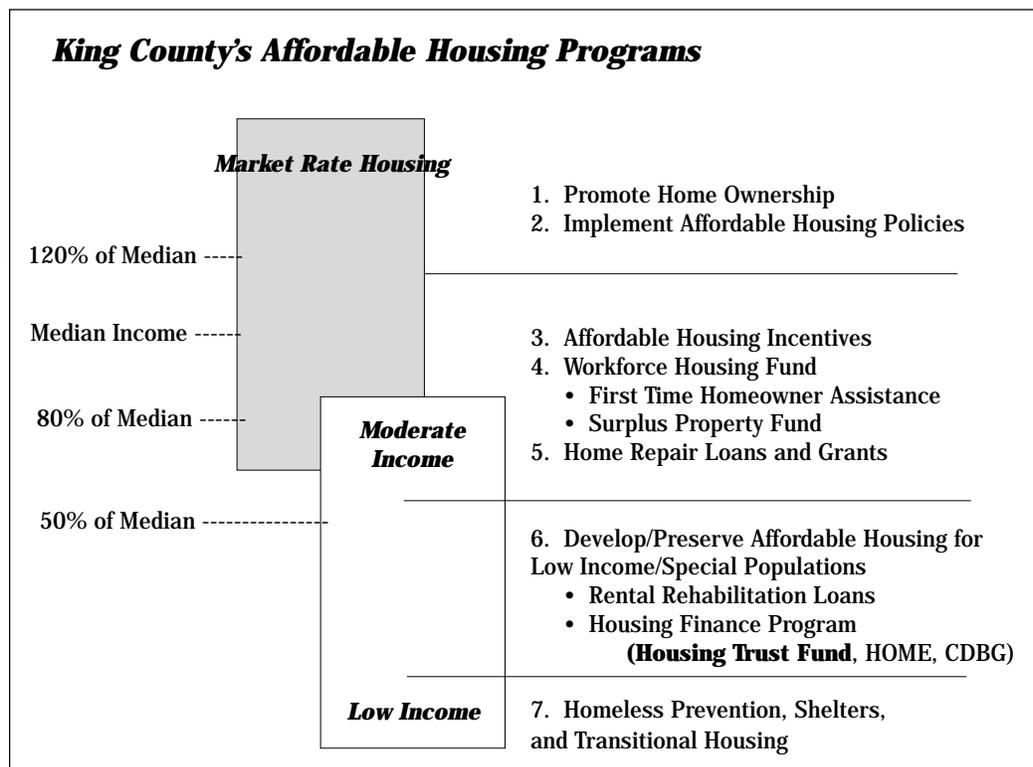
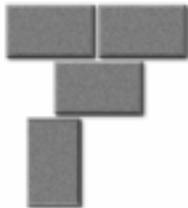
How to get this information

This is another research task that can be done by anyone who enjoys hunting down and compiling information. If there is an association of community housing organizations or nonprofit development organizations, it may be able to quickly pull this together. Some of the information may be available in the Consolidated Plan, which summarizes housing activities underway in the community. Just copy this information.

Hints...

- Don't get stuck if you can't get all of this information. Work with what you can find easily and make a simple list that is easy to read.
- Keep your search focused by looking only at housing programs and projects that serve lower income households, where the need is the greatest.
- Don't go beyond the jurisdiction you are working within, e.g., keep it at the state, county or city level. Otherwise it will get out of hand.
- Developing a list of nonprofit developers will help you later on as the proposal and campaign take form. Such a list can help document what could be done if adequate resources were available.

Example





Who will be involved in the housing trust fund campaign?

People can be involved in a housing trust fund campaign in many ways. You need to understand how strongly various people and groups support the idea for a housing trust fund so you can assess who should be involved and how much they might be willing to do.

Here are a few categories that might help as you think about who the players may be and how involved they may become:

- **The core group.** There are a few individuals and/or organizations for whom creating a housing trust fund is their top issue. These are the people you want involved in organizing the campaign. These are usually housing advocacy groups, housing development organizations, tenant associations and other community-based groups. [Begin here.](#)
- **Hardy supporters.** Many organizations and individuals will solidly support a housing trust fund and may work on part of the campaign, but they will only want to be called upon to do specific tasks. They don't want to run the show. Ask yourself who has a vested interest in increasing the community's housing resources. This may involve banks, local corporations, government staff, development organizations, private developers and others.
- **Endorsers.** There are many potential supporters who will only lend their name. They will sign a list indicating that they support the housing trust fund proposal, but will do little else. This list is important because it should include many influential supporters, such as banks, corporations, the chamber of commerce, homeowner associations, schools, churches, labor groups, professional associations and others.

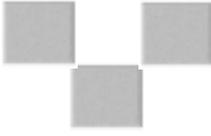
How to involve groups in the campaign

Bring together those who are talking the most about the housing trust fund idea. If this is primarily an existing group, look carefully at its membership. Who else ought to be at the table? Whose problem is this? Who cares about the issue enough to get involved? Make a list of who should be part of the core group. From this group, the other lists can be developed. Almost everyone knows who a community's key housing advocates are. This is where you begin.

Just one person can start this process. Indeed, many trust funds have been initiated by one person, who then pulls in many others.

Hints...

- Every community has its turf issues and rivalries. Deal with these at the beginning so they don't destroy the campaign as issues heat up. Bring people who can work together. Get the issues out on the table. Use facilitators.
- Think carefully about who belongs at the table and genuinely include them.
- Make sure everyone contributes and everyone is heard from. Sharing responsibilities and leadership will create equity, fairness, trust and compassion. All will help.



Two Critical Campaign Decisions

How grassroots will the campaign be?

How many neighborhood people who care about the campaign's goal can become leaders in this effort? A housing trust fund campaign can not only be a very empowering experience, it can be a long-lasting win for neighborhoods. Early grassroots involvement may also evolve easily into a monitoring role to ensure the trust fund does what it is intended to do.

The potential for grassroots involvement will depend entirely on the nature of the organizations that make up your core group, that is, whether any operate as grassroots groups. There are several different organizing strategies or theories that help define how grassroots organizing can best take place. Many groups are affiliated with national organizations (see some useful references on page 68).

Grassroots involvement is not something you can attach to a campaign later just because it would be helpful. It needs to be in place when initial decisions are made about the objectives and nature of the campaign.

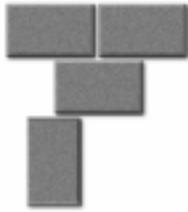
When do we approach the opposition?

Opposition generally comes from those who do not want the proposed revenue source to be tapped for a housing trust fund, do not support dedicating any revenue source, or oppose any government support for lower income housing.

There is no guarantee that inviting your enemies into the fold early on will ease their opposition. It will only do so if you have an effective strategy for dealing with the basis for their opposition. Thus, you need to understand their point of view. Moreover, you need to be able to effectively reach and communicate with those who truly represent the opposition. All this requires considerable planning. Do not assume that by including them, your problems will be solved. It is very unlikely.

Notes

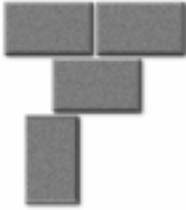
Examples



San Diego Housing Trust Fund Coalition

While a core group of individuals carried out the bulk of the work, all of these organizations agreed to have their names listed on the Coalition's stationery:

Alliance for Survival	Alpha Project	American Association for Retired Persons
American Legion Post 310	Barrio Station	Black Federation
Casa Familiar	Nico Calavita	CA Rural Legal Assistance Foundation
Catholic Charities	Chicano Federation	City Heights CDC
Clairemont Mesa Planning Group	Community Congress	Community Services Center for the Disabled
Coastal Trailer Villa	Ecological Life Systems Institute	Economic Conversion Council
Emerging Issues Committee/ San Diego Ecumenical Conference	Episcopal Community Services	Fair Housing Council
Golden State Mobile Home	Green Party of San Diego	Grey Panthers
Housing Coalition	Labor's Community Services Agency	League of Women Voters
Legal Aid Society of San Diego	MAAC Project	Metro Ministries
NAACP	NASW	Neighborhood House
Neighborhood Housing Services	Pan Asian Union	San Diego Catholic Diocese
Regional Task Force on the Homeless	Reinvestment Task Force of San Diego City/County	St. Vincent de Paul
San Diegans for Affordable Housing	San Diego Coalition for the Homeless	
San Diego Ecumenical Conference	San Diego/Imperial Counties Labor Council, AFL-CIO	
San Diego Interfaith Housing	San Diego/Tijuana Habitat for Humanity	
San Diego Urban League	Save California	Service Employees International Union, #102
Martha Vickers	YMCA	



Vermont's Housing and Conservation Trust Fund Coalition

This coalition helped pass the country's first trust fund with the dual goal of providing housing to low income people and protecting the state's farmland and open space from being developed. The Coalition consisted of experienced activists from housing, conservation, farming and low-income communities. Its key players included:

Vermont Low Income Advocacy Council
Affordable Housing Coalition
Coalition of Vermont Elders
CAP Directors Association
Vermont Tenants, Inc.
Vermont Farm Bureau
Legislative Committee of Northeast Cooperatives
Rural Vermont
Vermont Land Trust
Nature Conservancy
Vermont Natural Resources Council
Preservation Trust of Vermont
Mad River Valley Planning District
Vermont Samaritan



What kind of campaign is best?

Housing trust funds have been created in many ways. No one way guarantees success. It is far more important to understand what will work best in your environment. There are as many variations in housing trust fund campaigns as there are in housing trust funds.

Four types of campaigns are discussed in this section, but remember that flexibility is key. Each situation has its own opportunities and circumstances that define what can and needs to happen. In fact, these types of campaigns are not mutually exclusive. Many campaigns employ aspects of each.

- **The grassroots campaign.** Some campaigns are driven entirely by community organizations with leaders coming from the neighborhoods. While this is the base for the effort, it does not mean that others are not involved. But most of the work is done by volunteers, staff of community groups and others who can devote their time and energies. These campaigns tend to take place where the political arena is not naturally supportive of the housing trust fund concept and must be persuaded, thus the need for the kind of public pressure that a grassroots campaign can provide.
- **The coalition or working group campaign.** This is probably the most common form of housing trust fund campaign. But coalitions come in many different forms and shapes. They differ in their membership: they can be broad-based, have public (government) members or not, or have representatives of just one industry, such as nonprofit community devel-

opment organizations. The coalition can be formed to create the housing trust fund, after which it will dissolve, or it can be an existing coalition that takes up the cause of a housing trust fund.

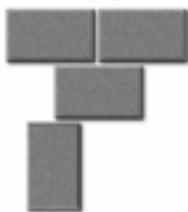
- **The task force campaign.** In some places, where the need for the fund was already recognized, a task force has been appointed to develop recommendations for starting the trust fund. This works best where there is political will to support the recommendations. Usually the Task Force does not carry out a campaign ... they only develop the recommendations. Thus, there must be willingness to implement (including put into law) the Task Force's recommendations. Task Forces usually result from government action, meaning an elected official makes the appointments. However, there have also been effective task forces put together by a public agency, such as a housing and community development department. There have even been private task forces that represent service providers or others.
- **The planning process campaign.** Some housing trust funds have resulted from a government agency deciding to evaluate and develop an effective housing policy. In assessing the community's housing needs and resources, the agency concludes that a housing trust fund is needed. At times, trust funds are justified as a response to the requirements of housing and planning laws that require government to develop a plan and address existing needs. These are the least campaign-like efforts.

Hints...

- Creating a coalition solely to develop a housing trust fund enables careful selection of members and naturally encourages consensus on the goals since the members come together for a specific purpose.
- Some campaigns take advantage of election years, making the issue of adequately addressing housing needs part of an election campaign. Obviously, if this is an important part of your strategy, it will affect the timing.
- Many housing trust fund campaigns have begun as one type of campaign and evolved into another—or incorporated part of another—because it became strategic to do so. In fact, the task force model can be a fall-back position if it becomes impossible to get the housing trust fund itself passed.
- It is very likely that something like one of these types of campaign will evolve naturally in any given community. It takes understanding who can make it happen in your political climate.

Notes

Examples



Berkeley, California, created its housing trust fund to more effectively coordinate resources for lower income housing. It was entirely staff driven and justified as a way to meet California's mandated housing element requirements, which require communities to address their low and moderate income housing needs as part of their general plan.

King County's Washington Housing Opportunity Fund was created after housing advocates applied for \$4 million in Community Development Block Grant funds to start the fund to make the point that funds were needed to support lower income housing. Through the work of a broad coalition of community members, affordable housing developers and advocates, elected officials agreed to support the proposal and commit funds.

Nebraska's Affordable Housing Trust Fund was the result of a governor-appointed task force, with broad representation, that studied and recommended the basic parameters for the state fund.

Florida's housing trust fund resulted from a consensus campaign that included many statewide housing interests, including home builders, real estate professionals, growth management advocates, government agencies and low income housing advocates.

Boston's Neighborhood Housing Trust was a grassroots coalition drive (involving about 20 groups representing neighborhoods, tenants, community development corporations and a statewide advocacy group). The proposal was placed on a ballot referendum and pushed as one of many mayoral platform issues. The new mayor worked with the coalition to put the program in place.

What resources do you need?



Most housing trust funds do not happen easily. They are more complex and take more time than most people anticipate. In interviews with people who had successfully created housing trust funds, the single most consistent piece of advice was: be willing to stay with it to the end. The average campaign takes two to three years. Some have taken longer, as much as six or seven years. Very few happen within a year. Time is a valuable resource that needs to be recognized.

A key concern is how to fund the costs of a campaign. This has been done in several ways:

- **The robin hood approach.** This is common among ad hoc coalitions, where some member groups contribute funds, others contribute people, others copying and postage, and so on. Commitments like this can (and should) be made early, with each organization bringing what it can to the coalition. Some organizations have access to money, while others gather human resources.

- **The staffed coalition.** Some coalitions are fairly healthy organizations, with staff and funding to do things like run a housing trust fund campaign. Thus, they take the effort on as part of their ongoing mission.
- **A funded campaign.** Some campaigns have been able to secure funding from foundations, banks, corporations, even government entities. Such funding can easily be justified as part of a charitable effort, the goal being to improve housing for lower income people. Even lobbying for a trust fund is permissible (up to fairly liberal limits; see page 68). However, while charitable efforts can do voter education, they can not endorse or work for candidates. As a result, some campaigns have established a Political Action Committee to engage in partisan political activities.

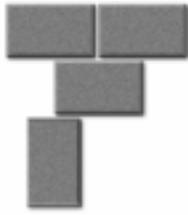
Money is not the only resource needed, however. Even a rich campaign is not guaranteed success if it lacks the energy needed to drive the campaign. Make an honest assessment of what resources each campaign member can bring to the table. Compare these anticipated resources with your best estimate of what is needed initially. Be creative in looking for ways to fill the gaps.

Hints...

- Don't underestimate the generosity of contributions. Some housing trust fund campaigns have received loaned lobbyists, brochure printing, video production and other critical aspects of their campaigns.
- Some of the most valuable resources are those that come from neighborhoods. They can bring people in force, hold house meetings, hand out pamphlets and vote!

Notes

Example



Missouri

It took Missouri six years to win a state housing trust fund. It began with issuing a report on homelessness in the state. Three other reports followed. The Task Force held three statewide housing conferences, built a list of 65 supporting organizations, worked with the staff of candidates for governor, and submitted a bill to the legislature at least five times. A devastating flood in 1993 that destroyed 15,000 homes escalated the need for housing dollars. The advocates claim the key ingredients to their success were a persistent and effective housing coalition, an alliance with the legislature's black caucus, credible research, media support ... and luck!

Seattle Housing Levy

The successful \$59.2 million housing levy in Seattle would not have happened without the help of 750 individual contributors, 800 volunteers, \$207,000 in funds, endorsements from 50 leading organizations, 102 homemade pies, cakes and muffins, and 53.6% of the voters saying yes!



How do you get the job done?

Several decisions need to be made to make sure that everything needed for a successful campaign gets done. While you must always deal with unknowns and unexpected events, much can be prevented through a well-planned, well-organized effort. You need a good understanding of how decisions will be made, how communication will take place, and how the work will get done.

Decision-making. Any organized effort needs to decide how decisions will get made. This requires understanding who are “members” of the campaign and how they will agree on needed decisions. Consensus is a common method. Consensus minus one is also used. Others vote, with the majority ruling. Many go with the general agreement of the group.

Different organizations and coalitions require different methods, but it is important to agree on what will work. Most housing trust fund campaigns seek as much consensus as is possible on the details about the strategy and platform before going public. Achieving consensus is usually seen as essential for keeping the coalition together and helping it stay strong throughout the campaign.

Communications. Developing an effective communication system is crucial for an effective campaign. You will rely on this system for informing everyone of what is going on and what is needed. Without it, you will lose members and support, permit divisiveness and compromise your effectiveness.

Most campaigns depend on existing networks for communicating. Usually they rely on mailings, faxes and telephone calls to notify people of meetings and events. Several use newslet-

ters of member organizations to inform everyone of progress and important dates. Others have been able to use computer networks to share drafts and revisions quickly.

Getting the work done. Many housing trust fund campaigns use a committee structure to explore the various elements of the trust fund and to outline the steps needed for an effective campaign.

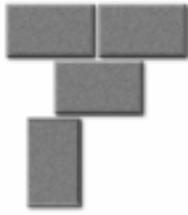
Committees can work on key questions such as: how the fund will be administered, what programs it will support and where the dedicated source of revenue will come from. Committees draft proposals that are brought back to the entire group for review and approval. Committees can also work on the various tasks that are part of an effective campaign, such as working with the media, developing printing materials and building a speakers' bureau.

Hints...

- The committee structure is a good way to get everyone involved and working on the issues they care about the most. It also allows them to use the special resources they can call upon to help with specific tasks.
- Build fun into the campaign. Create exciting events and work sessions, using games or contests to encourage participation. Celebrate every victory ... no matter how small it may seem. Never host a dull meeting or a session that does not end with the next steps to take.
- Use e-mail and other creative ways to keep communications regular and timely. Several campaigns have managed to create e-mail lists enabling most campaign members to get regular information and submit their own contributions.

Notes

Examples



San Diego Housing Trust Fund Coalition

San Diego Housing Trust Fund Campaign used this list of suggestions as part of most of their mailings throughout their campaign.

Support Your Organization Can Easily Provide:

- Write or telephone council members about the Trust Fund.
- Financial contributions: donations in kind or in cash are urgently needed to sustain our level of activities.
- Volunteers: we will need even more volunteers to help us gear up our activities. Donate a staff person for one half day a month to help us.
- Contact your local Community Association: we need to expand our support among community-based organizations: some council members are working to get these very groups to oppose the Fund.
- Make reports to your organizations: members of organizations endorsing the Fund should talk about the campaign at your next meeting and what needs to be done. Ask the Coalition if you would like a representative to make this report to your group.
- Reprint excerpts from this mailing: all members should make sure others are given an update about the Fund in your newsletters and mailings. If you need more information or a different kind of article, contact the Coalition.

Illinois Housing Trust Fund

The Illinois Statewide Housing Action Coalition used a form to seek endorsements for the proposed housing trust fund which also provided an opportunity to join the campaign. After endorsing, each person could check:

- We are interested in helping with neighborhood calls for the Trust Fund.
- We are interested in attending a rally for the Trust Fund in May.
- We are interested in finding out about other affordable housing initiatives.
- We are interested in becoming members of SHAC.



How do you get started?

There are some simple but important things you can do to get your housing trust fund effort off to a good start. Here are a few suggestions:

A mission statement. Begin by creating a mission statement. This will clarify key issues for the steering committee or your core group. This should be a clear statement of what you hope to achieve. It is a great way to build consensus and enables each party to state their concerns and play a role in creating the campaign. The mission statement will outline why you are undertaking a housing trust fund campaign. It should include those elements that are critical to keeping your core group together and committed to the effort (an example might be the need to serve very low income people). Keep it short and to the point, but make it inclusive so everyone in your group can enthusiastically support it.

A time line. To the extent you can at this point, develop a broad picture of what you hope to accomplish by when. This will undoubtedly be modified, but it will be very helpful to give group members some sense of what they are committing to.

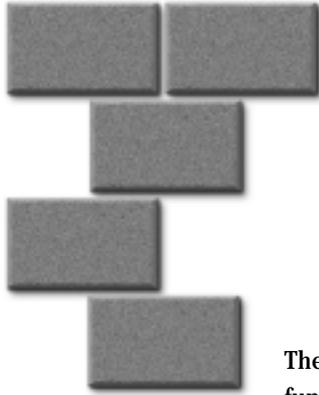
Initial tasks. Outline some initial objectives and delegate responsibility for getting these things done. It may be doing some initial research on other housing trust funds, contacting other people who need to be part of the campaign, listing what resources you have and what else you might be able to secure, or outlining more specific objectives for your campaign. You may even want to create some committees with specific assignments and membership.

Set a meeting schedule. At a minimum, figure out when and where you need to meet next and which initial tasks should be done by then. How often you need to meet depends on many things, such as your time line and, frankly, how much work needs to be done to get the housing trust fund proposal completed. A regular meeting schedule, however, accomplishes nothing unless work is getting done and the meetings serve a purpose. Regularly reassess your strategy, how the campaign is progressing and how participants feel about the progress.

Hints...

- Creating a mission statement as an initial step will do a lot to increase trust and bring the effort together. This will enable you to come up with language that everyone can support.
- Make sure your core group is committed to the effort and participating organizations have assigned a key person to represent them. Shifting membership slows down your progress because continuity is necessary for effective decision-making and planning.
- One of the best ways to kill a campaign is to have meetings for no reason. Develop a meaningful schedule and make every meeting count.





How Do You Develop the Housing Trust Fund Platform?

The “platform” is your proposal for a housing trust fund. This includes not only how the fund will operate and what it will do, but also how it will become law. Thus, the platform will identify what and who the fund will support, who will administer it and how it will be funded. But it will also propose how the trust fund will be created: through a resolution or ordinance, legislation and/or the budget process, or even in some other way.

Usually, an elected body (state legislature, county commission or city council) establishes a housing trust fund by passing a resolution, ordinance or legislation. To become law, the proposal must typically go through several steps. These steps not only vary from one jurisdiction to another but may also vary within any given jurisdiction, depending on the details of what is being proposed.



Developing the Housing Trust Fund Proposal

A proposal must be “meaty” enough that it can be turned into a law that creates the housing trust fund you want. It must include each element you consider essential. If you want the fund to benefit those who earn less than 50% of median income, then this requirement must be written into the law establishing the fund. If you want the fund to be used for rental assistance, or if you want nonprofit organizations to be eligible for funding, this should be clearly stated.

But there are limits. If the law is too detailed, the fund cannot adapt to future challenges, accommodate needed changes, or operate as a flexible, creative instrument.

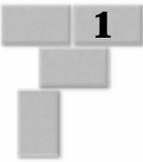
Remember that those who administer and oversee the trust may not be as supportive and excited about its potential as you are. Therefore, to ensure that the fund does what it was intended to do, your proposal needs to include what your group sees as the most important objectives and elements.

There are two objectives here. First, you want to develop a good proposal that will create the housing trust fund needed in your community. The goal is to put on the table your group’s ideal trust fund. Second, your group needs to understand which elements are essential. Some parts of a trust fund are desirable, even important, but your group may be willing to compromise on them. But if other aspects are not part of the fund, you may decide to stop advocating for it. A clear example here is whom the fund will benefit. If it is not going to serve your constituency, then it probably is not worth your time. It is these uncompromising elements that should be understood when your campaign begins.

The following discussion is divided into three sections:

1. How the trust fund will be administered
2. What programs it will support
3. How you can find funding for the fund

At the end of each section is a list of steps you can check off as you work through your proposal.



1 Administration of the Housing Trust Fund

This section examines what administering a trust fund involves, who should do it, how to pay for it, how the trust fund should be coordinated with other money available for housing, and how the trust should be overseen.

What does administering a housing trust fund involve?

Administering a trust fund usually includes four major components. Any one can become as complex as the housing trust fund permits or requires. On the other hand, many trust funds strive for ease and simplicity in their administration.

- **Establishing the housing trust fund's programs.** While the law establishing the trust fund generally describes the broad outlines within which the fund operates, there are additional program documents developed after the law is passed that guide day-to-day operations. The staff administering the trust fund are usually responsible for these documents. They typically include at least administrative guidelines, program guidelines and requests for proposals. The materials contain the details necessary to make the housing trust fund work. They enable eligible applicants to access the funds and spell out all legal requirements that must be met. While the documents guide the work necessary to get the fund up and running, they may also be refined later as the fund gains some experience.
- **Funding projects.** Administering the housing trust fund also includes funding projects. Reviewing applications, making awards, providing technical assistance, monitoring funded projects and reporting on expenditures and accomplishments are all part of the funding process.
- **Taking fiscal responsibility for the trust fund.** Administration also involves holding, investing and administering the fund itself. If the fund is administered by a government entity, then it is customary for the government's fiscal agent to take fiscal responsibility. If the trust fund is administered by an outside entity, then a fiscal agent will have to be established or appointed.
- **Overseeing housing trust fund operations.** If the fund is a government program, then the state legislature, county commissioners or city council will probably have ultimate authority. There may also be an advisory board or board of trustees responsible for ensuring that the trust fund meets its obligations. If the trust fund is not run by government, it will typically have an independent board with similar responsibilities.

Who will administer the trust fund?

Housing trust funds are either essentially government programs or they are not. There are three basic models for the administrative structure of a housing trust. But it is possible to develop some other type of administrative structure.

The Government Agency Model. Here the trust fund is established as a program of the jurisdiction within which it is operating. The fund is typically housed in the agency or department with the most experience operating housing programs, such as the HOME program or the Community Development Block Grant (CDBG) program. Other options include a quasi-public body such as a housing or redevelopment authority or a state housing finance agency. If public funds are committed to the fund, it is unlikely that a non-government entity will be allowed to administer these funds. The vast majority of housing trust funds follow the government model. This model often includes an oversight board. Such housing trust funds may or may not be incorporated.

The “Independent” Commission Model. In a few instances, housing trust funds have been administered by new commissions with specific authority over the newly created trust funds. The commission is typically appointed by an elected body and hires its own staff. These funds are essentially government or quasi-government programs. This model has been used chiefly where there is not an existing department or agency to undertake a housing trust fund. This could be because the fund will operate across existing jurisdictional boundaries, or because it has a mission beyond what any existing entity has the capacity or authority to handle.

The Non-Governmental Model. A few trust funds have been established through government action but are administered by an outside nonprofit entity such as a community foundation. They may create a distinct board to oversee the fund’s operations and will usually hire staff to run it. Community foundations have been selected because of their fiscal capability and because they can encourage additional contributions such as corporate investments.

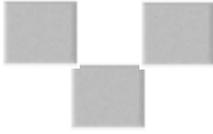
Other administrative options include hybrids of these three models. Regional housing trust funds may be a possibility, but they may require a new oversight or administering entity. Another possible structure is similar to a housing partnership, with a nonprofit administering the funds while maintaining ties to the government.



Do we incorporate as a nonprofit charitable tax-exempt body?

Some housing trust funds do. Some don't. The most common reason to incorporate is to increase the trust fund's ability to accept donations and contributions, and to engage in other kinds of fiscal arrangements and partnerships. Some government-administered housing trust funds are incorporated, and all non-government housing trust funds are.

Notes



Who *should* administer the housing trust fund?

Often there is little choice as to who will administer the fund. But if your situation allows for choice, your best option might be an agency that:

- Has experience operating a program that grants and/or lends funds to housing developers.
- Has worked with and respects nonprofit development organizations and other housing organizations in your community.
- Understands and is committed to providing housing for your target population.
- Can entertain and support innovative ways to provide decent, affordable housing.
- Can work well with all the partners and industries involved in housing, including HUD, other government agencies, banks and other financial institutions, private developers and planning and zoning commissions.
- Is committed to addressing urgent housing needs and demonstrates a willingness and ability to search for solutions.

The single most important factor in a housing trust fund's success is its staff's quality and commitment. Think carefully about staffing as you evaluate alternatives.

Are housing trust funds coordinated with other funds?

Many jurisdictions have found that their housing trust fund provides an opportunity to coordinate housing activities in new ways. This new coordination has allowed jurisdictions to better use available resources, spending them where they are most needed and can do the most good. Such coordination has encouraged more long-range planning and evaluation and, for those seeking funds, created a system that is more accessible and efficient.

The new forms of coordination have most frequently involved one or more of the following:

- Synchronizing the dates when applications are due, allowing applicants to organize their own financial packaging.
- Allowing submission of a package of applications for different sources of funds, increasing access to all potential funding sources.
- Creating a single application process, whereby one application is used for numerous funding sources.

This kind of coordination has been easiest where the jurisdiction is responsible for several sources of funding, such as Community Development Block Grant funds and HOME funds, in addition to the housing trust fund. However, in a few jurisdictions, a funding committee has been organized to coordinate these public funds as well as private funds (such as foundation money).

How will administrative costs be paid?

Administrative costs include funding necessary to pay for administering the trust fund program. The costs of administering the trust fund are either covered in the budget of the agency or other entity operating the trust fund, or they are covered through revenues committed to the trust fund.

For housing trust funds administered by a government agency, often the trust fund's administration is part of that agency's administrative budget. Some funds administered by outside entities contract with the unit of government that established the fund to carry out the administrative responsibilities.

If housing trust fund revenues are used to administer the fund, the enabling legislation usually specifies a cap on administrative costs. The cap is usually a percentage of the total revenue collected within a given year, or a specific annual dollar amount. Two other ways to support administrative costs include charging fees for various administrative tasks, or using the interest from trust fund revenues.

How can an administrative oversight body be created?

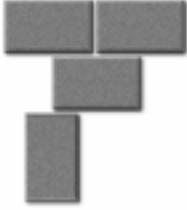
A majority of housing trust funds have an oversight body other than, or in addition to, the jurisdiction's elected officials. This advisory board is typically appointed by elected officials, represents varied constituencies, and assumes specific responsibilities. Virtually all oversight bodies have some responsibility for establishing or advising on policy that governs the fund. Many boards help select applicants for funding.

Representation on these boards varies greatly. Some are government coordinating bodies with staff from different agencies. Others seek a broad membership of housing advocates, low income people or tenants, service providers, bankers, realtors, apartment owners, developers and others. Most boards look for members who have experience with low income housing. Others specify particular representation and invite constituent groups to suggest appointees. Board members then are chosen from a slate of potential appointees suggested by these groups.

Hints...

- The advantage of these boards is that they provide the housing trust fund with a broad range of expertise. They ensure a connection with, if not accountability to, the community and its needs. Boards help buffer the housing trust fund process from politics. For the most part, these boards have helped trust funds succeed.
- Applicants for funding may sit on the board, but they must excuse themselves if they are involved with a project being considered for an award. Santa Fe, New Mexico's housing trust fund has a unique system whereby a roundtable of nonprofit developers decide together how the funds will be awarded to the roundtable's members.

Examples of board membership



Dayton/Montgomery County, Ohio, Affordable Housing Fund

Members of the Commission include: the Mayor of Dayton; an elected mayor in Montgomery County appointed by the Mayors and Managers Association of Montgomery and Greene Counties; an elected Trustee appointed by the Montgomery County Township Association; the President of the Board of Commissioners of Montgomery County; and one Commissioner of Montgomery County appointed by the Board of Commissioners of Montgomery County.

Arizona Housing Trust Fund

Members are appointed by the director of the Office of Housing Development: one member from a rural community, two members from a metropolitan area who do not represent the same city, and three members knowledgeable about the housing needs of low and moderate income persons. No more than two members may be from the same county. The director of the Office of Housing Development serves ex officio.

Illinois Housing Trust Fund

Four of the 15 members include the directors of the Illinois Housing Development Authority, the Illinois Development Finance Authority and the Department of Commerce and Community Affairs, and the commissioner of the Chicago Department of Housing. The remaining 11 members are appointed by the governor, with the advice and consent of the Senate. They include: an administrator of a public housing authority, two representatives of special needs populations, four representatives of community-based organizations and four representatives of advocacy organizations, one of whom shall represent a tenants' advocacy organization. The governor is to consider nominations made by advocacy organizations and community-based organizations.

Minnesota Housing Trust Fund

The board's eight members are appointed by the State Housing Finance Agency. They must represent the interests of realtors, lenders, nonprofit developers, apartment owners, low income persons, housing advocates, advocates for the homeless and single or multifamily builders.

Cambridge, Massachusetts Housing Trust Fund

The board's nine members are appointed by the city manager. They represent different sectors of the community concerned with housing policy and may include members of city boards and agencies, nonprofit housing organizations and community representatives.

Notes

Steps To Set Up Administration of the Housing Trust Fund

Step One: Determine where the trust fund should be housed.

There are at least three types of entities that could administer the housing trust fund:

- Have an existing government agency administer and operate the fund. Ask:
 - Who currently administers housing programs for your target population?
 - Do they work well with those who produce this housing?
 - Would they be interested in administering a housing trust fund?
 - Are they capable of administering such a fund?
 - Are they accountable?
- Establish a new, independent authority or board that would administer and operate the fund. Ask:
 - Is a new entity needed, in spite of the increased bureaucracy it would bring?
 - Is there any precedent for establishing such an entity?
 - Who would create this authority or board?
 - How would it be accountable?
- Identify an existing nonprofit organization that could administer the housing trust fund. Ask:
 - Does it have the capability to handle the administration?
 - Can it work well with those who produce such housing?
 - How would it be accountable?

Step Two: Outline this administrative body's key responsibilities.

The responsibilities of the oversight body and its administrative staff might include:

- Establish and maintain an independent, fiscally accountable fund.
- Evaluate housing needs and priorities to set trust fund policy.
- Establish policies and procedures for disbursing funds.
- Establish procedures for monitoring and evaluating the fund's activities.
- Develop responsibilities for reporting to the public and to elected officials.
- Coordinate the trust fund with other available funds.
- Seek additional funds to support trust fund activities.

Step Three: Determine how administration will be paid for.

- Dedicate a portion (%) or establish a cap (\$) of annual revenues that can be used to administer the fund.
- Identify other sources of money that could be committed to the fund for administrative purposes: other government programs, interest from the fund, fees charged for applications, etc.

Step Four: Establish a board or commission to oversee the fund's operations.

- Determine who will be represented on the board and how they will be appointed or selected.
- Outline the board's responsibilities.



2 Programs of the Housing Trust Fund

How can you spend the money? This seems like the fun part of creating a housing trust fund. But determining which programs to support often takes much more consensus building than people expect. And there are some overriding conditions that will determine what your housing trust fund can reasonably accomplish.

What factors must you consider in designing the housing trust fund?

Housing trust funds have used their resources in many, many ways. One advantage of a trust fund is its flexibility. You can design it to address the critical problems of *your* community, and you can take advantage of the unique opportunities that you know exist. And while it is good to dream and be creative, there are boundaries that will undoubtedly restrict you. These include:

- **The estimated revenue.** The amount of money your trust fund expects to generate annually will influence what you can do with that money. Modest revenues may be sufficient only for shallow subsidies, technical assistance, capacity building, small grants, short-term loans for predevelopment, or for other activities where funds are heavily leveraged. Larger revenues can support gap financing for rehabilitation or new construction projects, rental housing assistance, long-term operating costs and housing support services, among other activities.
- **The targeted beneficiaries of the fund.** Providing housing for those with very low or no income requires one kind of assistance. Enabling moderate income households to purchase their first home requires something else. Serving the homeless or special populations may require certain services tied to adequate, affordable housing. In some rural areas, infrastructure needs must be addressed before any housing production can occur.
- **The existing capacity to use available funds.** Communities vary widely in their capacity to use funds to provide needed housing. Some communities have an experienced non-profit housing sector eager for more funds to support their planned projects. Elsewhere, it is difficult to locate someone interested in providing housing to lower income households. Many housing trust funds have developed capacity-building programs to help potential developers create good projects, use available funds, find needed partners, secure commitments and more.
- **The challenges and opportunities that exist locally.** Every community has its unique set of problems as well as potential opportunities that can help address existing housing needs. Vacant, boarded-up homes, city-owned property, federally-assisted units with ex-

piring use restrictions, financial institutions seeking ways to use Community Reinvestment Act (CRA) obligations, a rapidly growing local housing market, and the need to find matching funds to take advantage of state or federal programs, are but a few challenges that are also opportunities.

How will funds be distributed?

Two decisions must be made regarding how the funds will be distributed. The first is the form the awards will take: grants, loans, etc. The second is the type of application process that will be used.

The form of awards

The vast majority of housing trust funds make awards through a number of vehicles: grants, loans, forgivable or deferred loans, lines of credit or rental assistance. Very few limit the form awards can take. In this area, legislation is usually broad, allowing a range of approaches to be developed by the staff.

Increasingly, housing trust funds are experimenting with creative ways to use their funds. Some are providing long-term rental assistance, while others are requiring that a certain amount of leverage be included in the applicant's financial package. Some trust funds use resources to guarantee other funds, and others have combined funds with bond issuances to extend the reach of these funds. The success of such efforts has been primarily due to the genius of those designing the programs. But there is a growing field of experience that provides many models to consider.

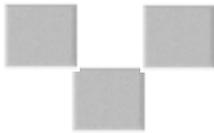
Most housing trust fund dollars fill the gap in financing needed to make projects work. Some offer their funding up front, enabling the project to seek additional funding from other sources. Others offer "gap" financing, filling in with needed funding when all other sources have been secured.

Distribution of the funds

Most housing trust funds have chosen between two options for distributing their funds. The more common is to design a competitive application process for available funds. Requests for proposals or notices of funding availability are issued periodically to notify eligible applicants that they can apply for funding.

The less common approach is to channel available funds through existing programs that provide housing for target populations.

There are variations of both options. Existing programs can issue requests for proposals for distributing their funds. And notices of funding availability can be designed around specific objectives to create a particular program.



Two Funding Issues

Loans vs. grants

Loan advocates would like to see the money return to the trust fund to be spent again. This extends the money available to the trust fund and contributes to longevity. But the nature of a housing trust fund makes this objective less necessary: the ongoing revenue stream committed to the fund provides it with a continuous source of annual revenue.

Grant advocates point out that, when providing housing for very low income households, removing debt from the financing may be essential. Rents that are high enough to cover debt in addition to other operating costs may be unaffordable. The more that the debt and other costs increase the rent, the less likely that the project can make units affordable to lower income households.

Do housing trust funds own or build housing?

The vast majority of housing trust funds neither own nor build housing. There are exceptions, however. Where the agency administering the housing trust fund also acts as a housing authority or state housing finance agency, it may receive funds from the trust fund to operate some of its own programs.

What will be funded?

The law establishing a housing trust fund will outline the basic requirements for receiving funds from the fund. Program documents, however, may include much more specific regulations. In fact, program requirements can shift over time to stress the most urgent current needs. Eligibility requirements should detail the following:

Who is eligible to apply?

Eligible applicants: Most funds allow a wide variety of applicants to apply for funds: nonprofit developers, for-profit developers, housing authorities, Native American tribes, units of government, regional organizations and other nonprofit organizations. Unless the program's purpose is to expand homeownership opportunities, individuals are not eligible. A few trust funds limit eligibility to nonprofit development organizations. Other funds, because they focus on the needs of the homeless, may restrict eligibility to organizations or agencies serving this population.

Eligible projects: This is perhaps the least restrictive area of housing trust fund regulation. Typically, any project that meets the requirements of the housing trust fund is eligible for funding. Housing trust funds often pride themselves on their flexibility and willingness to support innovative projects that address needs not being served by other programs. A poten-

tial list could include: new construction, rehabilitation, adaptive reuse, acquisition, rental assistance, land trusts, cooperative housing, transitional or emergency housing, preservation of assisted housing, weatherization, emergency repairs, housing-related services and more.

What requirements must be met?

Funded projects must comply with legal obligations, as well as with various objectives that the housing trust fund wants to promote. Some requirements will be contained in the enabling legislation. Others will be part of the program requirements drafted by staff. In establishing requirements, the trust fund should consider the objectives it wants to promote, as well as the best way to achieve these objectives.

What objectives should the requirements promote?

Adequately identifying the requirements and objectives to include in a housing trust fund requires more thought than almost any other aspect of creating the fund. While the legal requirements that funded projects must meet can easily be identified, the objectives that the trust fund should promote through its requirements are more difficult to frame. Here, you are determining which projects are more likely to be funded and, therefore, who will benefit the most from the trust fund.

Once again, the objectives you do not want compromised in any way should be part of the enabling legislation. However, objectives that may shift over time as housing needs and opportunities change can be part of the trust fund's regulations, usually drafted by staff.

Every community has its own objectives it wants to promote through the housing trust fund. Typically, these include:

- Targeting the households who will ultimately benefit from the trust funds.
- Targeting populations who deserve special treatment (elderly, special populations, large families, migrant farmworkers, homeless, welfare to work participants, etc.).
- Supporting projects that achieve certain objectives (mixed income projects, mixed use projects, homeownership, rehabilitation of existing units, preservation of federally assisted projects, etc).
- Encouraging projects that reflect certain conditions (projects that help retain the affordability of the units over the long-term, projects that incorporate tenant services, and projects with favorable design characteristics, etc).
- Supporting innovative projects such as community land trusts and cooperative housing, as well as projects that incorporate tenant services, preserve assisted housing and help people move from public housing to other housing opportunities.

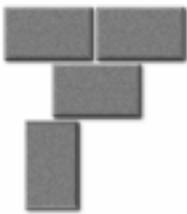
The point is to think carefully about which objectives will most help the trust fund address your community's most critical housing needs. But be careful not to incorporate so many requirements that the program becomes too burdensome for applicants. Include only those conditions you feel are most critical.

Notes

Hints...

- Focus on your community's most critical housing needs and on needs not being addressed by other programs.
- There will be pressure to meet other needs, such as to attract moderate income families back into the city, expand home ownership opportunities or replace other funded programs. Be steadfast in the reasons that prompted you to create a housing trust fund in the first place.
- Where there are competing demands for housing trust fund support, justify your targeting and priorities with the data you gathered at the outset.

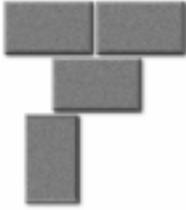
Examples of Criteria



Washington Housing Trust Fund

These principles guide the development and review of applications:

- The project responds to locally determined needs and proposed solutions.
- The project serves the population with the lowest income and the highest need over the longest period.
- The project provides a continuum of housing options.
- The project produces and preserves housing in areas under-served by the market.
- The project invests in quality projects that are conceptually sound and financially feasible.
- The project creates the most possible units with the resources available.
- The project leverages funds through public and private partnerships.



Knoxville, Tennessee Affordable Housing Trust Fund

Projects are selected according to the extent they meet the following standards:

- They fulfill an unmet need in the community's affordable housing system.
- They involve the neighborhood in project planning and contribute to neighborhood livability.
- They are innovative and use resources creatively.
- They use trust fund monies to leverage other resources.
- They keep production costs to a minimum.
- They make homeownership opportunities more available to low income households.
- They document applicants' managerial, technical and financial ability to complete the project.
- They demonstrate probability of success within a reasonable period.
- They design long-term affordability, quality and ease of maintenance into each unit.
- They conform to standards for rehabilitating historic buildings, if appropriate.

Minnesota Housing Trust Fund

The following criteria are considered when selecting applicants for funding:

- A documented need exists for this type of residential housing in the proposed geographic area.
- The applicant is experienced in developing and managing similar residential housing.
- The applicant is able to proceed expeditiously with the development.
- The requested funds are combined with other funds.
- The quality of the proposed housing is high, and the cost is reasonable.
- The rent charged is less than 30% of the tenant's income.
- Community and constituency support exist for this type of housing.
- The proposed housing is affordable long-term.
- The geographic area to be served supports reasonable distribution throughout the state.
- Support services are included for homeowner projects.
- The proposed project can be replicated and serve as a model of affordable housing.

Imposing requirements and objectives

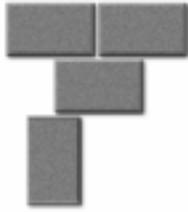
There are several ways to make sure the trust fund's requirements and objectives are met. Below are five alternatives, in order according to how likely this way will insure that the requirement or objective is met.

- **Set asides.** Many trust funds set aside a portion of each year's available funds to achieve various objectives. Common objectives include projects that serve very low income households, projects sponsored by nonprofit development organizations, projects serving special populations, funds to support capacity-building in community-based nonprofit organizations, and projects located in rural areas. The set aside guarantees that these projects need not compete with other types of projects. In some instances, set aside funds that are not used within a certain time period become available for general housing trust fund use. Set asides are often included in the enabling legislation.
- **Requirements.** Requirements are the conditions every applicant must meet in order to receive funding. They are related to the housing trust fund's objectives and include all the local, state and federal laws and regulations that must be met. All requirements are spelled out in the program and application materials.
- **Priorities.** Several trust funds place a higher priority on some types of projects than others. Priority projects must still meet all funding requirements and, because they meet some priority, they are most likely to be funded. Priority projects are often those that leverage other public and private funds, serve the lowest income households, or make the project affordable for a long time.
- **Preferences.** Some trust funds outline funding preferences. The trust fund makes clear what it is looking for, but there is no assurance such projects will be funded. Your project will be considered more favorably if it is the type the trust fund prefers. Preferences are less influential than priorities in determining who gets funding.
- **Evaluation criteria.** Housing trust funds typically outline for applicants the evaluation process they will use. Some housing trust funds give points for each criterion and rank each application by the extent to which it meets these criteria. The scores of applications are then compared, and the highest scoring applications are funded. Other trust funds simply list their criteria for evaluating applications.

Hints...

- The housing trust fund model is based on three concepts, all critical to its success. These include ready access to funds, projects critically needed in the community, and flexibility to allow for innovation.
- Housing trust funds have been remarkably able to foster partnerships that create affordable housing to meet community needs. Encouraging these partnerships allows for greater participation in the housing trust fund and broadens support for its programs.
- Housing trust funds are local programs, designed and implemented locally. Thus, each housing trust fund can focus on the specific needs in its community and can build on unique local opportunities.

Examples



Set-asides

Approximately one of every three housing trust funds sets aside funds to ensure that certain needs will be met. Low and very low income households are the most frequent beneficiaries of set-asides, followed by nonprofit applicants. Other set-aside beneficiaries include first-time home buyers, homeless people, special populations, designated neighborhoods and capacity-building efforts.

Berkeley, California

Housing Trust Fund Application Rating Form

	<i>Points</i>
Part I. Conformance with adopted plans and policies	
Housing element of General Plan	
Applicable area plan	
Zoning ordinance	
Part II. Application Scoring (total 180 points)	
Applicant Qualifications and Experience (total 40 points)	
Developer experience	10
Experience and expertise of development team members	10
Construction management	10
Financial and asset management	10
Cost Effectiveness and Feasibility (total 60 points)	
Cost effectiveness	30
Leveraging of other financing	20
Near-term ability to develop project	10
Priority Community Objectives (total 80 points)	
Provides neighborhood benefits	25
Exceeds affordability requirements of fund	25
Provides home ownership opportunities	10
Provides housing linked with services for persons with special needs	10
Promotes or maintains economic diversity	10

Some Special Considerations

Serving Very Low Income Households

The extent to which you serve very low income people is critical in creating a housing trust fund. Housing trust funds are public funds, they use public revenue and should meet a public purpose. We have an obligation to ensure that all our community's residents have decent, affordable housing. It is easy to show that those with the lowest incomes face the hardest challenges finding decent housing they can afford, and thus they deserve to be a priority.

A second reason to target these household is that trust funds generate resources that would not otherwise be available for housing. Thus they offer an opportunity to address needs not being met by other programs. Unlike most housing programs, trust funds have no pre-determined conditions restricting their use. Thus, they can choose to serve the lowest income households.

The most common argument against serving those with the lowest incomes is that available funds would serve more households if less money goes to support each unit. In other words, make shallower subsidies. However, to take this approach is to be unwilling to invest public resources to meet the most critical housing needs.

A second argument is that more support can be generated for the proposed housing trust fund if it promises to serve a broader range of housing needs. This may be true. But it is also true that presenting the trust fund as part of a solution for addressing specific needs critical to the health of our communities can be compelling.

Most trust funds serve households that earn 80% of median income or less. Many specify lower incomes through targeting requirements, set-asides, priorities or preferences.

Capacity-Building Programs

One innovative aspect of housing trust funds is their support for the nonprofit sector. Trust funds have recognized that they must develop a partnership with many public and private entities in order to really have an impact on housing needs. Nonprofit development corporations have played a leading role in providing some of the most difficult-to-provide housing, serving the lowest income people for the longest period, working in areas others have shunned, and working with people whose complex needs extend beyond decent, affordable housing.

These capacity-building programs for nonprofit development organizations have many components. Some trust funds set aside funds for projects sponsored by these organizations. Trust funds recognize that nonprofits often have a difficult time putting projects together because they must navigate a complex maze of financial assistance, find funds for predevelopment activities, and design projects that incorporate needed services for residents. Some funds give preferences or priorities to such projects.

Some funds set aside, or permit as a fundable activity, the predevelopment activities of nonprofit development corporations in putting together a project that would otherwise be ineligible for funding from the housing trust fund. Other housing trust funds support such capacity-building costs as training, adding staff, hiring consultants, organizational costs, etc.

Most housing trust funds provide some level of technical assistance to any applicant, although several provide especially detailed assistance to nonprofit development organizations. A few housing trust funds have actually contracted with an outside entity to provide such technical assistance to non-profit development corporations.

Entitlement-like programs

A few state housing trust funds have made a portion of their funds available on an entitlement basis to local jurisdictions. If certain cities and counties complete requirements such as submitting a plan and establishing a board, they are eligible for a specific amount of funds. Distribution of the funds is based on a formula, which usually includes population, and possibly other criteria.

These cities and counties can then use the funds, within certain guidelines, to address their own critical housing needs. They must report on how they used the funds and meet the same kinds of requirements as would an applicant whose project had been approved for funding directly by the state program.

Providing funding to local jurisdictions automatically wins the support of cities and counties throughout the state. It also guarantees wide distribution of the funds. This approach only works, however, where the housing trust fund can secure sufficient funds to make the entitlement amount significant to participating jurisdictions.

Steps To Set Up a Housing Trust Fund's Programs

Step One: What target population will the fund support?

- By income, select the groups that will benefit from the projects the fund supports.
- Determine whether there are other groups that should be identified as part of the targeted population, such as elderly, special populations, farmworkers, etc.
- Consider geographic areas or other special concerns that should be targeted.

Step Two: Who will be eligible to receive funds?

Develop a list of those most likely to use the housing trust fund. Be careful to include those with the capacity and mission to serve the targeted population:

- Developers—nonprofit and/or for-profit
- Other service providers
- Government agencies or quasi-government agencies
- Native American tribes
- Others

Step Three: What kinds of projects or programs should the fund support?

- Develop a list of the activities the housing trust fund should support:
 - Housing production (new construction and/or rehabilitation).
 - Acquisition of land and/or buildings.
 - Housing-related services, such as day care, homeownership training, etc.
 - Rent supplements, rental assistance, homeownership assistance (downpayment assistance, mortgage foreclosure prevention, etc.).
- Pay special attention to particular housing needs, such as housing for the homeless, farmworker housing, community land trusts, preservation of assisted housing, etc.
- Consider whether it is important to build the capacity of the nonprofit sector through pre-development funds, technical assistance in preparing applications, training for nonprofit providers, organizational support, etc.

Step Four: How should the funds be awarded?

- Determine the ways the money can be awarded to meet the trust fund's objectives.
 - Loans with interest and an established repayment schedule.
 - Grants or forgivable loans that need not be repaid.
 - Other funding mechanisms that support affordable housing.
- Create a process for distributing funds:
 - A request-for-proposal process that would accept and evaluate applications on a competitive basis.
 - Funding specific programs operated by the jurisdiction.
- Consider whether to institute an entitlement-like program to guarantee funds to local jurisdictions.

Step Five: What funding criteria should be incorporated in the application process?

- Identify the basic requirements all projects should meet, such as income targeting, federal and state laws, inclusion of supportive services, long-term affordability, etc.
- Consider objectives that may merit a portion of funds being set aside to serve these needs.
- Identify goals the trust fund could promote by providing priority or preference for projects with characteristics such as leveraging other funds, serving especially low income needs, providing associated services, etc.

Notes

Revenue Sources Dedicated to the Housing Trust Fund

The issue of where the money will come from to create a housing trust fund is the most challenging part of the process for most people. Securing the money may be the most work, but it is not a complex task. The political issues that surround money make securing a revenue source for a housing trust fund difficult. (If providing decent, affordable housing to everyone were a priority, the revenue source search would not be so tough!)

Get an attitude about securing a *dedicated* revenue source!

It will help to adopt a positive attitude about the need for – and possibility of achieving – a *dedicated* revenue source before you begin.

Why a dedicated revenue source is so crucial

Remember that what makes a housing trust fund is securing a *dedicated* revenue source. This means that the source of funding is committed by law to generate funds for the housing trust fund. Thus, by resolution, ordinance or legislation, a certain percentage or amount of funds are automatically deposited in the housing trust fund each year.

Securing a dedicated revenue source for a housing trust fund is a significant advance over the way low income housing has historically been funded. With a dedicated revenue source, advocates no longer have to argue for scarce resources with city council members, county commissioners or state legislators during the annual budget process. They will no longer have to compete with other worthy causes in a budget process that is generally neither fair nor generous towards low income housing. The dedicated revenue source guarantees a regular, but possibly fluctuating, source of funds.

There will be numerous pressures to go for something other than a *dedicated* revenue source. Some people will argue for a bond issue. Others will want to search for foundation and corporate support. Others will believe that some kind of voluntary contribution process will be sufficient. And still others will suggest seeking general revenue funds.

These are not bad ideas. They just don't provide a *dedicated* source of revenue. These ideas may even strengthen an existing housing trust fund, but they do not *create* a housing trust fund. Searching for foundation or corporate support or seeking voluntary contributions is just like fund raising and will take as much, if not more, work than seeking funds through a budget process, but probably with even less success. Bonds have provided and continue to provide significant resources for housing, but they are neither long-term nor guaranteed. General revenue funds can be a very good way to capitalize a housing trust fund (that is, get it under-way), but they are only a one-time infusion of funds.

The smorgasbord of available funding

It would be foolish to suggest there is an unlimited number of possible revenue sources for housing trust funds. There isn't. But there are more than most people think. More than 40 different revenue sources have been committed to housing trust funds. And more possibilities are uncovered every year.

Be creative in looking for revenue sources. No two situations are the same, and you may uncover an idea no one has thought of. The mark of a good revenue source campaign is a willingness to search. Those who begin by thinking nothing will be found usually find nothing.

Evaluating revenue sources

There are always reasons not to go after a particular revenue source. You may be warned: "It isn't available," or someone may say, "It's already committed." Others may say, "It's too controversial." It is far easier to think of reasons a potential revenue source won't work than to spend time figuring out how to make it work. The latter approach will pay off.

There are many nay-sayers in the revenue source search. It doesn't hurt to ignore them. Don't rely on hearsay when considering possible revenue sources. Check the facts before you decide to reject a source that may appear promising.

Getting money into the fund

Housing trust funds always describe their funds as "dedicated", but dedicated is a fuzzy term. While some funds are truly dedicated, which means that an ordinance or legislation ensures the money must be transferred to the housing trust fund on a regular basis, such guarantees are not always possible.

In some instances, funds may be committed to the housing trust fund, but an elected body must still appropriate the funds each year. For example, a certain percentage of real estate transfer tax revenues may be committed to the trust fund by law, but the state legislature must still appropriate the funds during the budget process. So work for the most secure commitment of funds you can win.

And remember that whatever a legislative body enacts as law can be undone in the same way, with a new law. So while we like to think of housing trust funds as permanent, they actually are not. Nonetheless, they are far more reliable than most of the alternatives. And, to date, no housing trust fund with a dedicated source of revenue has been undone.

Notes

Hints...

- Do not make securing the revenue source the center of your housing trust fund effort. Securing needed revenue is difficult because providing decent, affordable housing is not a priority. Once it becomes a priority, the revenues will follow.
- Keep the issue of where the money will come from within the larger context of why the housing trust fund is needed and what it will accomplish. The theme of your campaign will determine how you do this — housing is good for the economy, safe homes for a healthy community, etc.
- Always use your dollar goal to evaluate alternative revenue sources.

Establish a dollar goal for the fund

Do not skip this step! Begin by setting an annual amount of revenue you believe necessary to create a responsive housing trust fund. Don't make it a large task. This figure can be based on a number of alternatives:

- **Estimate the housing needs** of the trust fund's target population. Then determine how much it would cost to address these needs. The result will likely be shocking. You may need 10,000 units of affordable housing at \$50,000 each, totaling \$500 million. Of course, stating such a need would scare everyone off. But remember that the housing trust fund does not provide all the money needed to address housing needs. Federal funds, other state funds and many other sources of money can be leveraged by a trust fund. So the total you determine can realistically be divided by anywhere from five to 10 to achieve your goal.
- **Estimate how much money your community's housing providers would need** to fund the projects they have the capacity to complete. This means surveying all potential developers for their best guess about how much money their proposed projects would require on an annual basis.
- **Take a look at the funding applications that have been received by other programs**, such as the HOME program or the Community Development Block Grant program, and build on this information. A good estimate of need will be what was *not* funded by these agencies.

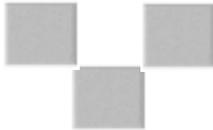
Your goal should be reasonable but it need not be so precise. Obviously, housing needs far exceed the revenues you are likely to win, so it will help if you make the goal both understandable and pragmatic.

Why is a goal important? It will be the bottom line against which you measure each revenue source you consider. If you have a \$5 million per year goal, and you consider a revenue source that brings in \$1.5 million a year, you know what is left for you to do. And as the process moves along, and some people suggest substitute revenue sources, these, too, can be measured against your goal, in order to determine their acceptability.

Decide how to search for revenue sources

Virtually every effort to create a housing trust fund involves some research. For some, it is a search from scratch. For others, the search has been narrowed by some initial suggestions or past history in searching for funds. There are basically three ways that revenue sources have been identified for a housing trust fund:

- **Independent research.** This is the most common way to uncover potential revenue sources. It involves bringing together an informed, committed group of people to brainstorm and research various potential sources of funding. It is wise to involve people who understand government finance, the development process and financial institutions. But it is not essential. Some very good research has been done by individuals who were not experts but were committed and energetic enough to get the information needed to make solid recommendations for potential revenue sources.
- **The official task force.** This is probably the second most popular way to explore potential revenue sources. Elected officials appoint a task force to recommend potential sources of revenue for a housing trust fund. An advantage is that the task force has official status, so it can more easily gain access to information. But a disadvantage is that once the recommendations are made, the task force plays no role in ensuring that its recommendations are enacted.
- **A consultant study.** In some cases a consultant has been hired to investigate potential revenue sources. The consultant reports are as useful as the consultants are good. If they know the field, their reports are invaluable.



What is Leverage?

Leverage refers to other public and private funding used to provide affordable housing, in addition to the funds coming from the housing trust fund. Most housing that is affordable to low or very low income people has several sources of financing. The sources other than the housing trust fund are referred to as leverage. Such funds may come from state or federal programs, private lenders, foundations, low income housing tax credits, etc.

Remember that, on average, state housing trust funds have leveraged \$9.25 for every \$1 the trust fund invests in projects. County housing trust funds on average leverage \$7.50 for every \$1. City housing trust funds leverage \$4.89 for every \$1.

Create guidelines for your search

While there are no rules to guide your search for revenue sources, certain guidelines have been useful in weighing the options. You may want to create your own guidelines to help you assess alternative revenue sources. Here are a few guidelines to get you started:

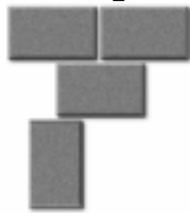
- **Housing-related sources.** Most of the best revenue sources are housing-related. They come from some part of the process that develops and transfers real estate. Real estate transfer taxes, document recording fees, various developer fees, building permit fees and interest on real estate escrow accounts may all be good revenue sources.
- **The local market.** Understanding where and what kind of growth is occurring will help you select a revenue source that is productive enough to be viable for trust fund purposes.
- **New money.** If you go after funds that are already committed to another program or issue, you make it harder to secure a source of revenue. It is wiser to seek a new source of revenue—either by increasing an existing source or by identifying funds that are not currently *dedicated* elsewhere.
- **Multiple sources.** Do not get stuck on the idea that a single revenue source can provide sufficient resources for your housing trust fund. There are important advantages to securing more than one source:
 - You can bring in more money.
 - Multiple sources mean fewer fluctuations in revenues.
 - You involve more elements of the community in an issue that is community-wide.
- **New taxes and fees.** Few if any housing trust funds have been created by passing an entirely new tax or fee. The revenue source quest is tough enough without taking on what is probably an impossible task. The issue of government taxes and fees is so volatile that an effort to pass a new tax or fee is not even remotely feasible in most political climates. While nothing is impossible, this approach is highly unlikely to be successful.
- **Opposition.** Folks are always looking for a revenue source that will not create any opposition—that will magically appear and will please everyone. Such a source probably does not exist, and a search for it may take the hunt in the wrong direction. Opposition accompanies almost every potential revenue source and is simply part of the equation you must consider.

Notes

Hints...

- Don't make these criteria so cumbersome you can't really use them to compare your options.
- It is unlikely that you will be able to get comparable information for the alternative revenue sources you are considering. Compare what is available and don't let the inability to get certain information keep you from considering a potential revenue source.

Examples



Criteria for evaluating revenue sources

Ohio: Related to housing and/or real estate; can generate \$10-20 million annually; and can be efficiently and fairly administered.

Chicago: Robust and reliable; feasible; appropriate; ease of administration; and level of funding generated.

San Diego: Modest, fair and broadly based; fee levels far below statewide averages; no voter approval required; significant, net new money; revenues may be dedicated; non-regressive; administratively efficient; and nexus to affordable housing.

King County, Washington: Develop multiple funding sources; establish reasonable funding levels; ask all jurisdictions to participate; and build public-private partnerships to increase funding for affordable housing.

Kentucky: Potential revenue; adequate revenue; housing related; and administrative costs.

Identify revenue sources

Revenue sources are either public or private. Public sources of revenue are controlled by government and include taxes, fees and many other funds. Some of these funds are controlled by quasi-public bodies such as a redevelopment agency or a state housing finance agency. Private funds are part of the marketplace and include interest from various accounts held by financial institutions.

Once you have decided how to search for funding sources and developed guidelines for your search, the following steps may be useful:

1. Look at revenue sources committed to other housing trust funds

Look at what other housing trust funds have been able to secure as dedicated sources of revenue, because then you will know what is possible. Be careful to pay attention to which

resources are available to cities, which ones counties can tap into, and which ones are controlled by states. There is no point in a city considering a document recording fee, for example, if the city has none. In researching other trust funds' funding sources, remember that states, cities and counties vary widely across the country. Laws governing sources of public revenue differ considerably from state to state.

2. Brainstorm all possibilities

Start with a group of energetic, positive people listing every possible revenue source they can think of. Make no initial judgments, so no one's creativity will be inhibited. You may be surprised at what can come from such a session. The results are seldom disappointing, and folks often discover a great deal.

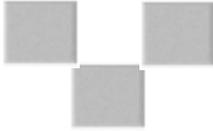
When you've exhausted your group's creative suggestions, take a closer look at what's been suggested. A few of the ideas will be obviously crazy and can be taken off the list. But don't eliminate something unless you are absolutely positive it won't work. An argument that "Oh, this will never fly," or "This is already committed to the general fund," isn't usually sufficient to eliminate an idea. Only eliminate a potential source if it is legally impossible to use it, or it is so politically explosive that no campaign could secure it, or it is so regressive that its overall impact would be negative.

3. Make your list of potential revenue sources

A search for revenue sources should include at least the following:

- **Taxes and fees associated with real estate.** These include real estate transfer tax, document recording fees (typically applied to more than real estate documents), developer fees (linkage and inclusionary zoning ordinances), permit fees (for development, conversions, demolitions, etc.), property taxes, and payments in lieu of taxes and others.
- **Other taxes and fees.** Revenue can potentially come from sales taxes, hotel/motel taxes, restaurant surcharges on meals, wheel taxes, etc.
- **Interest on market and government accounts.** This category has many possibilities. Market account interest includes interest on real estate escrow accounts, interest on title escrow accounts and interest on tenant security deposits. Interest on government accounts is an increasingly popular revenue source. It includes interest from the rainy day fund; interest from the unnamed, unclaimed property fund; and interest from many other funds.
- **Government-owned property and repayments.** The sale of government-owned property may not be a regular source of income, but it can be a very useful one, in combination with other sources. Income from the lease or operation of government-owned property like parking garages, or development funded through federal CDBG, UDAG or HOME funds, can add up. Repayments from government loan programs such as CDBG or HOME are also useful. Unclaimed lottery winnings are another potential source. And reserve funds from bond issuing agencies are another alternative.

If you follow these three steps, you will open most possible doors to revenue for a housing trust fund. At a minimum, you will be compelled to think about a broad range of possibilities. Remember: think creatively!



State Encouragement of Local Housing Trust Funds

Several states have enacted laws enabling local jurisdictions to establish a housing trust fund by generating funds through a particular revenue source. In all instances, the city or county must take certain actions and meet criteria outlined in the legislation. Here's what six states are doing:

Connecticut. The Municipal Housing Trust Fund Program provides matching funds to municipalities creating housing trust funds that receive direct contributions from private, municipal or federal sources. Municipalities must commit to financing housing with a majority of lower income occupants.

California. The Low and Moderate Income Housing Fund, enacted in 1976, requires all redevelopment projects established by redevelopment agencies to set aside 20% of their tax increment revenues to increase the supply of affordable housing. Moreover, agencies with a surplus of more than \$1 million in unused set-aside funds, after a certain time period, must turn the funds over to their respective county housing authorities.

New Jersey. The Fair Housing Act, enacted in 1985, has standardized developer fees which municipalities may charge to help meet their needs for affordable housing.

Missouri. The Homeless Assistance Program, enacted in 1990, enables counties to impose a \$3 document recording fee to create a homeless assistance program funding qualified local agencies.

Pennsylvania. The Optional County Affordable Housing Funds Act, enacted in 1992, allows all counties, except Philadelphia, to double their document recording fees if the added revenues will be used to fund affordable housing for county residents with incomes at or below the county median.

Washington. The Levy Option Bill, enacted in 1993, enables jurisdictions to impose an additional property tax levy of up to \$0.50 per \$1,000 of assessed value of property for 10 years to finance affordable housing for very low income households.

Notes

Hints...

- **Consider alternatives to increasing a tax or fee.** Increasing a tax or fee is a good way to secure revenue for a housing trust fund. But if an increase is impossible, consider seeking to transfer a portion of existing revenues from a good source to the housing trust fund. Another alternative is to commit the growth in revenues from a given source to the trust fund. After an established base year, any added revenues collected from this tax or fee would go into the housing trust fund.
- **Seize unique opportunities.** If a tax, such as a property tax, has been increased to help pay off bonds for a convention center, but will expire at some point, don't let the tax revert to its previous position. If it remains at its current rate, revenues could go into the housing trust fund.

Revenue Sources Dedicated by Existing Housing Trust Funds

Property transactions

Taxes on real estate transfers, real estate conveyances or document stamp taxes on transfers
Fees on the recording of deed and mortgage documents
Taxes on mortgage transfers
Interest from pooled real estate escrow accounts
Interest from pooled title escrow accounts
Penalties against the failure to pay the real estate transfer tax

Development charges

Fees, taxes or proffers on new development
Fees-in-lieu from inclusionary zoning
Payments for density bonuses or transfers of density
Tax on conversion of rental units to condos and other uses
Proceeds from the sale of inclusionary units

Municipal taxes

Taxes on restaurant meals
Sales taxes
Property taxes
Tax on hotel/motel rooms
Tax increments from redevelopment districts

Government Activities

Proceeds from the sale of publicly-owned land
Repayments from government loan programs
Proceeds from settlements for housing code violations
Fees from landfill activities
Fees on mobile home park owners
Funds from the Securities Act cash fund
Interest or funds from unnamed, unclaimed property funds
Interest from rainy day funds

Bond Programs

Funds from government bonds
Surplus from bond reserve programs
Surplus from bond refinancing
Fees from bond-financed programs
Fees on mortgage revenue bond and mortgage credit certification programs
Fees on applications for bond revenues

Others

Lottery earnings or unclaimed lottery earnings
Contributions from employers
Interest from tenant security deposits

Evaluate the revenue sources

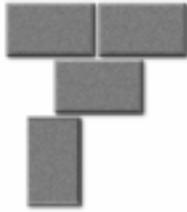
The work you have done so far is likely to yield a handful or more of potential revenue sources. You will probably not know everything you need to know about them to accurately evaluate their potential. It is one thing to put together a good list of possible revenue sources, but it is quite another to know how feasible it is to get these revenue sources committed to the housing trust fund and whether they are the best sources to go after. To narrow your list of revenue sources, answer the following questions:

- **How much income does this revenue source generate in any given year?** Study the revenue source over several years to see how much the revenue fluctuates from year to year.
- **Who collects the revenue and how is it regulated?** Is it collected at the local level, regulated at the state level? Are there options for increasing the tax or fee at the local level? Is there a cap on how much this tax or fee can be increased? What is required to increase the tax or fee? Does an increase require a majority vote of elected officials? Does it require a public vote? Must it be approved at the state level?
- **Can revenue from this source be dedicated to a specific purpose and, if so, to what?** What other general laws govern the dedication of public revenues to specific purposes?
- **Where do the revenues from this source go now?** Have they already been committed, in law or through tradition, to a specific purpose? Do they go into the general fund?
- **Who will be affected by what you propose?** You need to understand who pays this tax or fee, whether it is progressive or regressive, and what specific industries or individuals will be affected if it is directed to a housing trust fund.

To answer the above questions:

- **Check out public information.** Most of the information you need is public information. It should be available if you find the right person to ask. You may, however, run into someone who doesn't feel like doing you any favors, or you may discover that the information is not kept in a very useful or accessible fashion.
- **Make an estimate.** If you have no luck getting the information from public sources, use information from other jurisdictions that have dedicated this source to their own housing trust fund, and admit you are only making an estimate.
- **Look for friendly help.** It may be possible to get a government staff person—someone in the budget office or elsewhere—to collect this information for you. Or you may be able to find a supportive elected official who will secure the needed information.
- **Learn what you can about alternative sources.** It is unlikely that you will be able to get comparable information for the alternative revenue sources you are considering. Compare what is available, and don't let the inability to get certain information keep you from considering a potential revenue source.

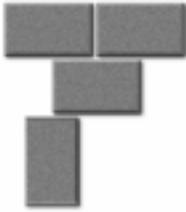
Examples



Narrowing the revenue source search¹

<u>Place</u>	<u>First List</u>	<u>Final List</u>
<i>Ohio</i>	<ul style="list-style-type: none"> real estate conveyance fee surcharge on estate tax interest on tenant security deposits mortgage recording fee interest on mortgage escrow accounts fee on home equity loans tax on construction materials discontinued exemption from corporate franchise tax on REITS, etc. surcharge on state income tax state unclaimed funds check-off on state income tax discontinued exemption from sales tax on professional services related to housing/real estate excise tax on video rentals surcharge on building permits recaptured portion of Federal mortgage interest deduction interest on utility deposits interest on sale escrow deposits 	<ul style="list-style-type: none"> real estate conveyance fee surcharge on estate tax interest on tenant security deposits mortgage recording fee
<i>San Diego, California</i>	<ul style="list-style-type: none"> sale escrow account interest earnings mortgage impound accounts interest earnings tenant security deposits title transfer/conveyance fees sales and use tax CDBG allocations inclusionary zoning in-lieu fees transient occupancy tax port fees and assessments business fees and taxes condominium conversion fee housing preservation fee speculative real estate profits tax utility users' tax increased utility franchise payments 	<ul style="list-style-type: none"> transient occupancy tax gross receipts business tax commercial development fee citywide landscaping, lighting, park maintenance district fee utility users fee

¹The San Diego study was done by David Rosen and Associates, Keyser Marston Associates, and Shute Mihaly & Weinberger; the Chicago study was done by the University of Illinois Great Cities Institute and the Metropolitan Planning Council; the Santa Clara County study was done by Hausrath Economics Group; and the Ohio and Nebraska studies were completed by task forces.



Narrowing the revenue source search (continued)

<u>Place</u>	<u>First List</u>	<u>Final List</u>
<i>San Diego, California</i>	negotiated agreements on prepaying subsidized housing projects general obligation bonds entertainment ticket tax citywide assessment districts surplus bond reserves secondary market loan sales tax increment district housing set-asides commercial development fee	
<i>Nebraska</i>	documentary stamp tax filing and recording fees department of insurance tax solid waste landfill closure assistance fund (lottery revenues) general fund appropriation sales tax on utilities interest on unclaimed property account	documentary stamp tax filing and recording fees department of insurance tax reallocation of solid waste landfill closure assistance fund general fund appropriation
<i>Chicago, Illinois</i>	sales tax on condo conversion of rental properties recording fee/document surcharge impact fees on market-rate housing portion of permit fees reduced taxes for property owners who rent to residents earning at or below 60% of area median income real estate transfer tax linkage with commercial increment financing (TIF) district contributions from private, government, and foundation-invested endowment Community Reinvestment Act contribution tax credit syndicator contribution hotel tax hotel employer contribution mortgage refinancing fee proceeds from sale of city-owned land sales tax on building supplies City Corporate Fund	building permits real estate transfer tax sale of vacant land and buildings document recording fee Community Reinvestment Act contribution tax credit syndicator contributions City Corporate Fund

Steps To Search for Revenue Sources

Step One: Launch a study group to identify potential revenue sources.

- Include people knowledgeable about the development process, government budgets, housing finance, etc.
- Include people who are involved in and dedicated to creating affordable housing.

Step Two: Establish an annual revenue goal.

- Know what housing needs exist and how much money is needed to meet those needs.
- Be realistic about what those who provide needed housing have the capacity to produce.

Step Three: Agree on guidelines for your search.

Guidelines might include:

- Identify revenue sources that are related to housing needs.
- Look for sources that generate significant money.
- Make sure funds can be collected efficiently.
- Look for sources that do not impose too much burden on one industry or segment of the community.

Step Four: Study revenue sources committed to other housing trust funds.

- There are more than 150 housing trust funds in the United States. As a group, they suggest what is possible.
- Pay special attention to other funds in your state or in other jurisdictions similar to yours.
- Identify precedents for dedicating specific revenues to a designated agency or purpose in your state or community.

Step Five: Brainstorm about every possible revenue source.

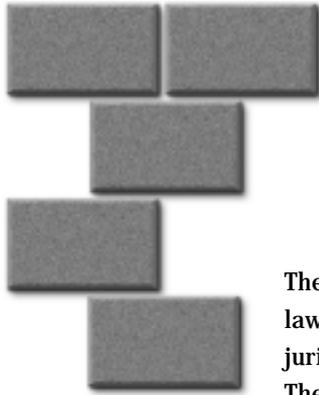
- Encourage absolutely every idea, even those that don't appear sensible. Don't eliminate any ideas; just keep adding to the list.
- Ignore those who will oppose a revenue source.
- Think creatively about the budget in your jurisdiction, who pays fees and how funds are collected.
- Pay particular attention to healthy industries in your economy.

Step Six: Develop your best possibilities list.

- Eliminate revenue sources that have some legal or administrative barrier to efficient collection.
- Identify revenue sources that require more information and study.
- Remember that it is easier to increase an existing tax or fee than to impose a new one.
- Try to find new or increased sources of revenue rather than seeking revenue from an agency or fund already accustomed to receiving that revenue.
- Consider alternatives for a given revenue source. For example, instead of increasing a tax, dedicate the amount of revenue in excess of what was collected in a base year.

Step Seven: Refine your selection.

- Complete the research on your list of best revenue sources to make sure you know:
 - How much revenue will be generated.
 - How revenue will be collected.
 - Who will be affected by the revenue collected.
 - What steps must be taken to gain access to the revenue.
- Identify who will oppose this revenue source and why.
- Find any similar programs elsewhere that can be cited as supporting evidence.
- Note the advantages of this revenue source.



How Do You Run a Successful Campaign?

The campaign is the process of getting your proposed housing trust fund enacted into law. It is impossible to generalize about this process, as it differs from jurisdiction to jurisdiction. And each situation presents its own opportunities, conflicts and obstacles. The campaign begins once the housing trust fund has been proposed. But the proposal is not cast in iron and will probably be subject to further revisions. Negotiation is a normal part of the political process.

From this point on, a careful balance must be maintained. If, at any point, moving the housing trust fund forward means compromising too much of your proposal, the campaign may not be worth it. You know the elements that, if removed, will make the housing trust fund something you don't want to support. You might be asked to broaden the income targeting, or to accept a lower amount of dedicated revenue, or to create a fund that revolves its funds through a loan program. Having to constantly evaluate trade-offs such as these makes it crucial that your coalition be united in the housing trust fund proposal you have developed.

While every campaign is different, there is much to learn from what othersí have done. Various approaches are described here in five general areas that are part of most campaigns:

- *Presenting the housing trust fund proposal.*
- *Getting others to support or endorse your effort.*
- *Lobbying to pass the proposal.*
- *Working with the opposition.*
- *Making your campaign visible.*



Presenting the housing trust fund proposal

There are at least three reasons to present your housing trust fund proposal well. One is to ensure that all involved have a clear understanding of what you are proposing. Housing trust funds are complex, and it is not easy to communicate the details that make the fund an important proposal. The second is to make sure that those who will enact the proposal into law have before them all the ingredients they need to launch an effective housing trust fund. The third is to reach out to others, to build broad support for your proposal.

You need to focus on the audience whenever you present the housing trust fund proposal. Some people will need a detailed picture of what you are proposing. Others will need only the kernel of your proposal.

There are other reasons to present your proposal clearly. You want to ensure that misinformation does not spread and that people do not misunderstand your proposal. Your efforts to clearly present your proposal will lessen the impact of opposing views and misinformation. Since our culture is a media culture, you have many ways to present your case that only a few years ago would not have been possible. Be creative and use every tool at your disposal to reach as many people as you can with the ideas you've developed.

Written Descriptions

You can develop many effective written materials to explain the housing trust fund proposal to others. Keep in mind the audiences for the materials and what you want them to understand. The following five types of materials can give you ideas. Focus on what will work best in your situation and help accomplish your campaign's specific goals. Test key materials with a variety of people other than housing advocates before you use them extensively.

1. **A summary of your housing trust fund proposal.** The most important document you will prepare is a one to two-page description of all the essential components of your housing trust fund proposal. This is the piece for everyone. It will give most people their basic understanding of your proposal. The piece must be concise, readable and comprehensive. It might contain a brief statement describing the community's housing needs and the reasons for the proposal. The summary should include highlights of the key components of the proposal and should make clear what can be expected from the housing trust fund once it is put into place.
2. **The complete housing trust fund proposal.** You will also, of course, make available the complete proposal to those who want to know the details. This document will be the basis for drafting the law enacting the housing trust fund. This is a comprehensive document and should include all items on which you have reached consensus, even those that may not surface until the regulations are developed.
3. **A question-and-answer sheet.** Another useful tool is a question-and-answer sheet that addresses the proposal's key issues, particularly those that are controversial. This sheet will help advocates as well as those who are merely curious about, or even critical of, the proposal. The sheet can be built on questions you've been asked or on specific issues you want to call to people's attention. Questions might include:
 - Who will the housing trust fund serve?
 - What will its impact be?
 - Who supports the housing trust fund proposal?
 - Where will the revenue come from?
 - How will the funds be spent?
 - What kinds of projects will the trust fund support?

You will undoubtedly think of many other appropriate questions. Consider including some that address the proposal's most controversial aspects.

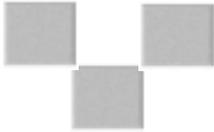
4. **Economic and social benefits of the housing trust fund.** This could be an extremely valuable document. It will identify the benefits your community can anticipate from a housing trust fund. These benefits are not limited to additional needed housing. Many campaigns quantify the economic benefits of housing, such as jobs, increased wages, increased taxes, a more cost-efficient way of addressing certain housing needs, etc. Economic benefits can be computed simply or through a complex economic model. Campaigns have also documented other benefits, such as creating safer homes through lead abatement and better accessibility, along with improved health, education and security. Regardless of how you develop your estimates, be sure to develop some statement of the overall positive impact decent affordable housing contributes to creating healthy communities. It is a very persuasive argument, particularly with more conservative elected officials.
5. **Evidence of housing needs.** There are many ways to communicate how long-standing housing needs have harmed a community. How are the elderly affected? People of color? Special populations? Homeless people? Children? Rural citizens or any other special constituency? Just a few specific examples will provide valuable support for your proposal.

Other ways to communicate your proposal

There are many other ways to get your proposal across to the public, elected officials and others. Some campaigns have hired media professionals to help with this part of the campaign; others have found invaluable help from universities, banks and others in getting their ideas across. Most campaigns do their own media work and are very persuasive.

1. **Videos.** Many housing trust fund campaigns have developed videos which advocates show at staff meetings, board meetings and elsewhere. A video can be very effective in a world that is accustomed to receiving information from television. Some videos illustrate existing housing needs by including interviews with people who need decent, affordable housing. Other videos focus on housing solutions, highlighting successful projects and organizations. If you cannot afford or don't want to undertake a video, include a few compelling local photographs. Make sure you have simple, readable materials.
2. **Newspapers.** Local newspapers offer several opportunities to get an "objective" presentation of your housing trust fund proposal out to the public. News articles about local housing needs and stories about individual housing situations, successful housing projects, your housing trust fund proposal and other successful housing trust funds can all help. Opportunities are also available through letters to the editor, op-ed pieces and special feature stories. A great deal can be gained from developing relationships with sympathetic reporters, and these relationships should be continually nurtured. Meetings with editorial boards can also help you gain editorial support.
3. **Other media opportunities.** Local news stations also offer opportunities to get your proposal across. You will probably need an event that can be covered. And you can make the presentation of your housing trust fund an event by holding it in front of a noteworthy housing project and by involving community leaders. Include neighborhood residents and others who command respect.

4. **A speakers bureau.** Many housing trust fund campaigns have created lists of people willing and able to speak. Community groups, block clubs, homeowner associations, Chambers of Commerce, PTAs, social clubs, churches, unions and many other organizations regularly invite speakers to address them. Talking to people directly about *local* housing needs and the consequences to the *local* community can be very effective. Make sure speakers have a clear sense of the stories and messages the campaign wants to communicate.
5. **The Internet.** Well, why not — everyone else does. You could create a web site and update it frequently as the housing trust fund campaign progresses. Folks could go to your site to print out key documents, find lists of legislators and learn how to contact them, and track your bill's movement through the legislature. E-mail group lists can keep people informed, call them to action, notify them of meetings and announce successes.



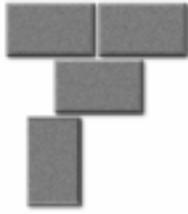
Helpful references

Written Guides

- *“How to Tell and Sell Your Story: A Guide to Media for Community Groups and Other Nonprofits”* 1999. Order from Center for Community Change, 1000 Wisconsin Avenue, N.W., Washington, D.C. 20007 (202-342-0567) \$7.
- *“A Guide to Developing Effective Messages and Good Stories About Your Work.”* 1998. Order from Center for Community Change, 1000 Wisconsin Avenue, N.W., Washington, D.C. 20007 (202-342-0567) \$7.
- *“Economic Benefits of Housing Trust Funds”* 1993. Order from Housing Trust Fund Project, 1113 Cougar Court, Frazier Park, CA 93225 (661-245-0318).
- The National Low Income Housing Coalition began its Media Advocacy Project in 1996 and gathered valuable information from across the country on how the public views affordable housing issues. Check with the Coalition at 1012 14th Street, N.W., Washington, D.C. 20005 (202-662-1530) or info@nlihc.org.

Notes

Examples



Videos created as part of a trust fund campaign:

“Raise the Roof: Partners in Housing for Washington,” with companion video study guide. 1996. Order from Washington Low Income Housing Network, 107 Pine Street, Suite 1031, Seattle, WA 98101. \$25 for nonprofits; \$40 for for-profits.

“Chicago Rehab Network Campaign” 1996. Order from Chicago Rehab Network, 53 West Jackson, Suite 740, Chicago, IL 60617.

“Affordable Housing: Building a Foundation for Stable Lives” 1995. Order from the Oregon Coalition. Call for information: 661-245-0318.

“Knoxville Housing Trust Fund: Interviews with Alex Haley” 1991. Order from East Tennessee Foundation, 550 West Main Avenue, Suite 500, Knoxville, TN 37902.



Getting Others to Support or Endorse Your Proposal

The more support you can show for your housing trust fund proposal, the more likely you will succeed in getting it passed. Think about both the number of allies you can get to support the trust fund as well as specific people or organizations that will be influential.

Building support requires that you be sensitive to people and the different ways they may be willing to get involved. Some people will actively support your campaign and be willing to help do the work. Others, though solid supporters, will never do more than lend you their names. Don't dismiss any opportunity to gain supporters, no matter how much or how little they will help. Be open to different levels and types of involvement.

Expanding the Coalition

Now that your proposal is complete and you are ready to launch the campaign, it is time to look to others who might help. Obviously, they must support the campaign and your proposal. You are not inviting significant changes in the consensus you have already reached. Consider but do not stop at these possibilities:

- **Nonprofit development corporations.** Any potential developer can benefit greatly from the creation of a housing trust fund. It can provide developers with needed funds for their projects. Either as individual corporations or as an association, developers should play a role in the effort.
- **Banks and other financial institutions.** These institutions—and Fannie Mae's regional and partnership offices—can be important supporters of a trust fund proposal. Either because of their Community Reinvestment Act obligations or because they see the need for more affordable housing, banks are often ready participants. A trust fund's success in

generating subsidies can help Fannie Mae and Freddy Mac meet the affordable housing lending goals set by the federal government. Don't underestimate the contribution they can make to a campaign.

- **Community groups and organizations.** There are many organizations that, though not directly involved in housing, understand and have experienced the importance of decent, affordable housing to the health of communities. These groups may include community organizations, homeowner associations, church groups, health organizations, labor groups, school organizations and many others.

Getting Endorsements

You want to get the names of people and organizations who will sign an endorsement form stating they support the housing trust fund proposal. Keep your endorsement list with you and use it to help persuade new supporters. You will get a great many names if you work hard to get them. It is a great way to involve your board, your membership and allies. You will be astonished at how many endorsements you get!

Create a challenge for your group: 100 Friends of the Housing Trust Fund, or whatever number is realistic. Whether you get 25 names or 2,500, the effort requires that members of the campaign approach individuals and organizations to ask for their endorsement. Many organizations must go through an approval process involving their membership or board. Some endorsements will take time: as much as several months for organizations that only meet quarterly.

Other kinds of support

Of course there are many more ways that others can support your campaign. Universities can provide interns for research and other assistance. Banks can provide meeting space, meals and printed materials. Churches can contribute rooms for rallies and planning sessions and buses for special events. Remember, the rule is the same as in fund raising: you don't get what you don't ask for.

Notes

A Sample Endorsement Form

Ohio Housing Trust Fund

“A dedicated source of income for affordable housing”

—ENDORSEMENT FORM—

The Ohio Housing Trust Fund (HTF) was created in 1991 to provide housing and related assistance for low and moderate income families and individuals. The HTF was included under HB 339, the implementing legislation for State Issue One, the amendment to Ohio’s constitution, approved by the voters a year earlier, which made housing a public purpose.

With an initial \$11 million, the HTF has proven to be effective in serving a full range of housing needs, such as homeownership for young families, housing for those with special needs, homeless prevention services, home repair for people who are elderly or disabled, rental housing development, supportive services related to housing, and rehabilitation of affordable housing. Nonprofit organizations, private developers, lenders and local governments are eligible to participate in HTF programs. The HTF is unique in that its funds are targeted to assist Ohio’s neediest citizens: those at 50% of the median income and below, with a preference for projects serving people at 35% of median and below.

The undersigned organization hereby endorses full funding of the Ohio Housing Trust Fund by the Governor and the Ohio legislature, at \$50 million a year, from dedicated ongoing sources of revenue, as recommended by the Governor’s Advisory Committee. I hereby give my permission to use my name and/or organization, as an endorser of the Ohio Housing Trust Fund.

Signature _____

Name _____

Organization _____

Address _____

City _____ Zip Code _____ County _____

Phone Number _____ Fax Number _____

Please return to: Ohio Housing Trust Fund Campaign, 1066 North High Street, Columbus, OH 43210. A project of the Coalition on Homelessness and Housing in Ohio.



Advocating for the Housing Trust Fund

Advocacy activities include the various interactions between you and elected representatives as they consider the housing trust fund proposal. This will include testifying before committees, talking to individual legislators, responding to questions and issues that arise, and dealing with the opposition.

Getting the bill introduced

How this is done differs from jurisdiction to jurisdiction and from city to county to state. You need to know the exact process for your jurisdiction.

- **Will a public vote be required?** It may be necessary to take the housing trust fund proposal, or more likely the revenue source, to a public vote. Whether or not this will be necessary varies state by state and even jurisdiction by jurisdiction. Several states have restrictive legislation requiring a vote of the public to approve increases in taxes and/or fees. In some situations, it may even be desirable to seek a public initiative or a non-binding public referendum to get the issue before elected officials. Check out the legal requirements with a friendly lawyer, such as a legal assistance attorney.
- **When can your proposal be introduced?** Different jurisdictions have different rules, but there is very likely a specific time period during which ordinances or legislation can be introduced. And items with a budgetary impact may have their own requirements. Creation of the housing trust fund and dedicating a revenue source may require different processes. Learn the details about the path your proposal must follow to be enacted into law. A friendly elected official should be able to spell out the procedure for you step by step.
- **Who will introduce your proposal?** Typically an elected representative must introduce a bill. But this is not always the case, so check it out. At the state level, the bill probably needs to be introduced in both houses.

Selecting a sponsor for your proposal is a critical decision. Often there are representatives in city council, the county commission or the state legislature who are housing advocates. But these may be the very ones who always introduce the “good” legislation, and they may not have the influence your proposal needs. You need a sponsor who can champion your proposal through the legislative process, someone who can command the respect of and gain an audience with other legislators or council members. Think it through very carefully. You can always have more than one sponsor, but someone must consider this their bill — one they will work hard to get passed. Passage will be more likely if you can get both Democratic and Republican sponsors. Some housing trust fund campaigns have been led by Republicans, so don’t rule out the possibility.

Getting the support of your mayor, county manager or governor

The path to success includes getting the votes needed to pass the proposed housing trust fund. Do not underestimate the importance of getting the mayor, county manager or governor on board. Even if that person is weak politically, it is important to foster this relationship. Rarely has a housing trust fund passed without this endorsement. Plenty of proposals have been vetoed because this step was overlooked. Alternatively, a strong endorsement from the highest elected official can often sway votes, quiet the opposition or bring needed attention to the issue.

In some communities, those proposing the housing trust fund have already developed a relationship with the jurisdiction's top official. If you haven't, you may need to find someone who can help you develop the relationship. Sometimes it is possible to work with someone who enjoys this relationship such as lieutenant governor or deputy mayor, or someone else with influence in the community. Think creatively about how to connect with the top official.

Counting votes

Any political campaign — and this is now a political campaign — involves a head count. What does this mean? Generally, those who will be voting on your proposal fall into three categories:

- **Supporters.** There are some elected representatives who have always been friends of the affordable housing movement. They will surely support your proposal. But don't ignore them and take their loyalty for granted. Keep them informed, give them your materials, tell them what you are doing and seek their advice. But you need not lobby them to convince them to support your proposal.
- **Opponents.** These are elected representatives who have never supported affordable housing. And they likely never will. Don't bother spending time with them because they are not likely to change their minds. Treat them basically the way you treat those in the first category. Keep them informed of your proposal, give them your materials and check in with them periodically. But don't focus your energies on them.
- **Undecided.** These are the elected representatives who may or may not vote for the proposed housing trust fund. You need their votes, so concentrate your energy on them. Talk to people to learn more about how best to approach these representatives. You may need to have someone else go with you to visit them. Learn who might be effective in such a visit. You may need to present your case in a particular way that speaks to the concerns of these individuals. For example, one official may be interested in economic benefits. Another may want to hear how the proposal would affect problems or opportunities in his or her district. And yet another may be more sympathetic if you bring along someone from that representative's district.

Hints...

- It is possible that whoever agrees to introduce your bill can get some needed work done for you. For instance, they can probably request information about revenue source estimates that were unavailable to you. They will also probably take care of drafting the bill, since it may require specific language and references.
- Having a registered lobbyist on your team can be very helpful to the campaign. A participating organization may have a lobbyist it will lend you. Or you may be able to get help from lobbyists of other friendly organizations, or even government or quasi-governmental entities. You may even want to hire a lobbyist if you can't obtain one pro bono.
- During the legislative session, you may be involved round-the-clock while your bill is being considered. The legislative process involves deal-making, political maneuvers and many, many surprises. If you are not present throughout, you may miss a chance to have a say in what happens.

How do you work with your elected representatives?

You will quickly learn what representatives' concerns are if you can gain the ear of just a few. The following three steps might give you an edge:

- 1. Organize a meeting with a savvy, friendly elected representative.** This person can help you understand the process, who is on your side, with whom you need to work and what the key issues are. This individual can also give you solid advice on how to present your proposal to the city council, county commissioners or state legislature. He or she can tell you how to approach individuals and suggest arguments that might be persuasive.
- 2. Work with supportive caucuses.** You may find a Black caucus, a women's caucus or a Democratic caucus among elected representatives that may be particularly receptive to working with you. Talk to others to learn whether working with caucuses is a smart thing to do, and whether it is possible.
- 3. Develop a relationship with key elected representatives.** Don't ignore districts where your group isn't active. In some states, rural areas are critical, and you may have to search to find individuals in these districts who can work with their representatives. The same may be true for suburban communities. Think the process through so you won't ignore important segments of the jurisdiction.



Helpful references

Here are some helpful references. Check these out so you understand the legal limitations of lobbying for nonprofit organizations and to get other helpful ideas about waging your campaign.

- “How and Why to Influence Public Policy: An Action Guide for Community Organizations” 1996. Order from Center for Community Change, 1000 Wisconsin Avenue, N.W., Washington, D.C. 20007 (202-342-0567).
- “Organizing for Social Change: A Manual for Activists in the 1990s” 1991. Midwest Academy. Order from Seven Locks Press, P.O. Box 27, Cabin John, MD 20818. \$19.95 plus \$2.50 for shipping and handling.
- “Beyond the Politics of Place: New directions in community organizing in the 1990s” 1994. Order from Applied Research Center, 25 Embarcadero Cove, Oakland, CA 94606. \$16 plus \$3 for shipping and handling.



Working with the Opposition

Your opponents will be obvious. Opposition will most often be associated with the revenue source you have proposed for the housing trust fund. Whatever industry or entity within the community that is most closely connected with this revenue source is likely to be very concerned about your proposal. For example, if you are pursuing a real estate transfer tax, the real estate industry will most likely oppose your effort. If you are seeking an increase in the hotel/motel taxes, the tourism industry will oppose you. If you seek a developer fee, developers will be against the idea. And so on.

There are at least three approaches to working with the opposition that have been successful in housing trust fund campaigns:

- **The Florida model.** Florida’s well-known Sadowski Act was passed with the support of many industries and interest groups. All were brought together by an independent, respected party and informed of the proposal’s revenue source—a real estate transfer tax. Participants were asked, “What will keep you at the table?” to support the proposal. Each association stated its priority: home ownership, new construction, entitlement funds for cities and counties, state funds for existing programs and targeting to low income households, among others. A compromise was crafted, committing a portion of available funds to each priority. This broad support has held to this day (seven years later). Of course, this effort to gain the support of many industries is not the only reason for their success. But it is a strategy that can be replicated if the various industries are willing to consider cooperating.
- **Taking on the opposition.** It is possible to create a campaign persuasive enough that you can effectively counter whatever the opposition is doing. It has happened. You will

need to take each position of your opponents and counter it with solid, convincing facts. And, of course, your campaign must be persuasive and compelling on its own.

- **Negotiating with the opposition.** Another strategy is to work to keep the opposition quiet rather than active. You may not be able to bring opponents into your campaign as in the Florida model, but you may be able to keep them out of the issue altogether. To do so, you will need someone with enough influence to convince opponents that it is in their interest not to oppose your proposal. This someone likely represents a similar industry or commands enough respect to be persuasive. This person is more likely to be a prominent banker, a successful private developer or a charismatic elected official than a housing advocate.

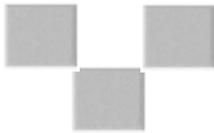
Opposition to the proposed revenue source is not the only opposition you may face. Other kinds of opposition may surface as you work to get your proposal enacted. Elected officials, for instance, may not support low income housing or proposals to fund it. Other officials may not like the idea of dedicating revenue to a specific purpose because it takes away some of their power to allocate funds. Others have pledged not to increase taxes and will oppose anything that sounds remotely like a tax increase.

Other opposition may come from those administering the revenue collection process. There may be strong ownership issues or feelings that this revenue belongs to administrators. Or they may be unwilling to take on the extra burden of tracking and transferring revenue into the housing trust fund. Banks, for instance, may oppose having to transfer interest from selected accounts into a housing trust fund.

You will hear other arguments against a housing trust fund. Low income housing is not our responsibility. The state or federal government should handle it. If there were such funds, they should be directed to other, more pressing priorities. There is no real housing need that the market can't take care of. There is no magic formula here. Each argument has to be dealt with on its own.

Hints...

- The most effective way to deal with the opposition is to have a strong campaign with impressive support. You must do your homework and be articulate about what the housing trust fund can accomplish.
- You cannot always control the negotiating and compromise that are part of the political process. The process requires that you be flexible and that you have an organizational system in place that allows you to make quick decisions.
- If you have an elected representative who truly champions your proposal throughout the process, he or she will keep you informed of what is going on and what you can do in response. Stay close.



Mistakes most often made with the opposition

1. *If we invite them to be part of what we are doing, then we can get them to buy into it.* Unlikely. In fact, they will learn a great deal about what you are planning, and you will learn very little about what they plan to do about it.
2. *If we change our proposal into something they like, they won't oppose it.* Don't try to outguess the opposition before you actually face it. You don't want to begin your campaign in the weakest position you are willing to accept. Then there will be no room for compromise.
3. *A good solution is to ask our opponents to propose an alternative revenue source to replace the one they oppose.* There are virtually no instances of this strategy producing something useful. If opponents can get you to admit you need to consider an alternative, they've already won. They have no incentive to follow through.
4. *If we create a proposal that answers their criticisms, it will weaken their arguments.* If you structure your proposal and your campaign around the opposition, you will always be on the defensive. Defending what you have proposed is not as strong as advocating for it. Create a proposal you believe can win on its own merits.
5. *If we know we'll ultimately have to negotiate, let's invite them to do it now.* Don't go into a negotiating session without a very clear understanding of what you will be asked for and what you are willing to give up. Unless you have something to negotiate that is worthwhile to the opposition and that you are willing to live with, don't go down this road.
6. *If they tell us we have an agreement, then we can go with it.* Too often, campaign participants think they have the opposition's agreement when, in fact, the person they talked with couldn't deliver. True negotiations can only take place when the right people are sitting at the table. Make sure you are working with a person who is authorized to speak for his/her association and is in a position to make a commitment for it.

Notes



Using events to make your campaign visible

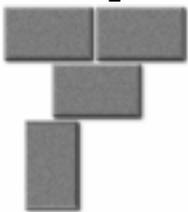
There are times when you will want to make your campaign more visible. In a world where there is so much competition for attention, however, getting the visibility you want is not easy. But one good way to get visibility for your campaign is to organize an event that puts the housing trust fund in the limelight.

Your event should be carefully thought out in advance because, if it turns out to be uninteresting or unattended, you may have done more harm than good. You could look not very influential, and the housing trust fund could look unimportant. So there are risks to incorporating events into your campaign. On the other hand, a successful event can be the turning point in a campaign. An event that everyone remembers could give the campaign a major boost.

Successful events could include a letter-writing campaign, a call-in, a public rally, a “public” hearing or a parade. Successful events should be focused and should have a specific goal, or better yet — a specific demand. Events are often most effective when they are unexpected. The event you create should fit the culture of your organizations and people. An event can—but need not—be confrontational. And it should be fun.

When planning an event, ask the following questions: Do you have the people, time and resources to pull it off? Does it fit strategically into your overall campaign? Do you have folks with experience in creating events and people who will enjoy being part of it? Will it have the positive impact you hope it will have?

Examples



Four Successful Events

Ohio. The Coalition for Homeless and Housing in Ohio sponsored a “Lego Day” at the Capitol. Participants from all over the state brought Lego homes, mostly constructed by children in homeless shelters and day care centers, to their legislators to ask for funding for the state’s housing trust fund. The homes were placed on an Ohio map inlaid on the Capitol rotunda floor.

Texas. The Texas Low Income Housing Information Service created a traveling photo exhibit of housing projects that have successfully addressed critical housing needs throughout the state. The exhibit wrapped up its tour at the Capitol in Austin. This can be viewed on their web site at <http://www.texashousing.org>.

Chicago, Illinois. Housing advocates held a large demonstration outside a luxury housing development that had displaced tenants of a single-room occupancy building. The demonstration was held on Mother’s Day, and roses were passed out to pedestrians. The event motivated many to begin advocating for a housing trust fund.

San Diego, California. The Housing Trust Fund Coalition sponsored an all-day call-a-thon entitled “San Diego Phone H.O.M.E.” with “ET” pictured on the flyers. Citizens called their councilpersons to express support for the housing trust fund. They also sponsored a postcard campaign on Valentine’s Day called “Have a Heart for Housing.” City council members were flooded with valentines.

Steps to Develop a Campaign for a Housing Trust Fund

Step One: Plan how to best present your proposal.

- Outline the written materials you think will be most helpful:
 - A simple accurate statement of existing housing needs and an explanation of why a housing trust fund is essential.
 - A short, comprehensive description of your proposal.
 - A question/answer sheet that highlights key points in your proposal as well as controversial issues.
 - A description of the benefits that can be expected from the activities the housing trust fund will support—economic benefits to the community, housing improvements, neighborhood revitalization, etc.
- Identify stories you can tell about successful projects, personal stories of people, projects that needed funds but couldn't secure them, etc.

Step Two: Identify the media tools you can use, and create a plan for doing so.

- Take advantage of your current access to the media.
 - Meet with the editorial boards of local newspapers, and invite them to endorse the proposal.
 - Write letters to the editor.
 - Write op-ed pieces.
 - Get reporters to cover stories about the need for housing and the benefits of projects the housing trust fund might support.
- Work to increase your access to the media:
 - Create a video to explain your proposal and demonstrate the need and support for it.
 - Look for media opportunities like local talk shows on radio and television.
 - Create a speakers' bureau, and use it.
 - Look to the Internet to help you get the word out and to better organize your campaign.

Step Three: Get endorsements for your proposed housing trust fund.

- Get every organization, person, agency, etc. that you can to sign an endorsement form.
- Expand your effort by getting strong supporters to contribute to the campaign in any way they can. Create opportunities for them.
- Think creatively about forms of support that may be available through local universities or colleges, banks, foundations, churches and other organizations.

Step Four: Get your proposal introduced to the body that will vote on it.

- Make sure you understand how the legislative process works. Pay attention to deadlines and procedures.
- Select an elected representative(s) to sponsor your proposal.
- Seek counsel from a supportive elected representative who can give you quality guidance on legislative procedures and lobbying.
- Develop a plan for obtaining the support of your mayor, county manager or governor.
- Develop a plan for lobbying elected representatives to secure their vote for your proposal.

Step Five: Anticipate the kind of opposition you will get.;

- Learn what you can about who opposes your proposal and why.
- Develop a plan for working with the opposition.
 - Try to counter their arguments with facts and figures.
 - Understand the kind of influence they have and why.
 - Try to locate someone you know well who can influence opposing groups.
 - Determine which issues you are willing to compromise on.

Step Six: Determine what kind of events you can create that will give your proposal good visibility.

- Consider a wide range of events.
- Think strategically about events you can successfully sponsor that will add to your campaign's influence.

Step Seven: Make the campaign fun!



Center for Community Change

NATIONAL OFFICE

1000 Wisconsin Avenue NW
Washington, DC 20007
202-342-0519

WESTERN REGIONAL OFFICE

160 Sansome Street, 7th Floor
San Francisco, CA 94104
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